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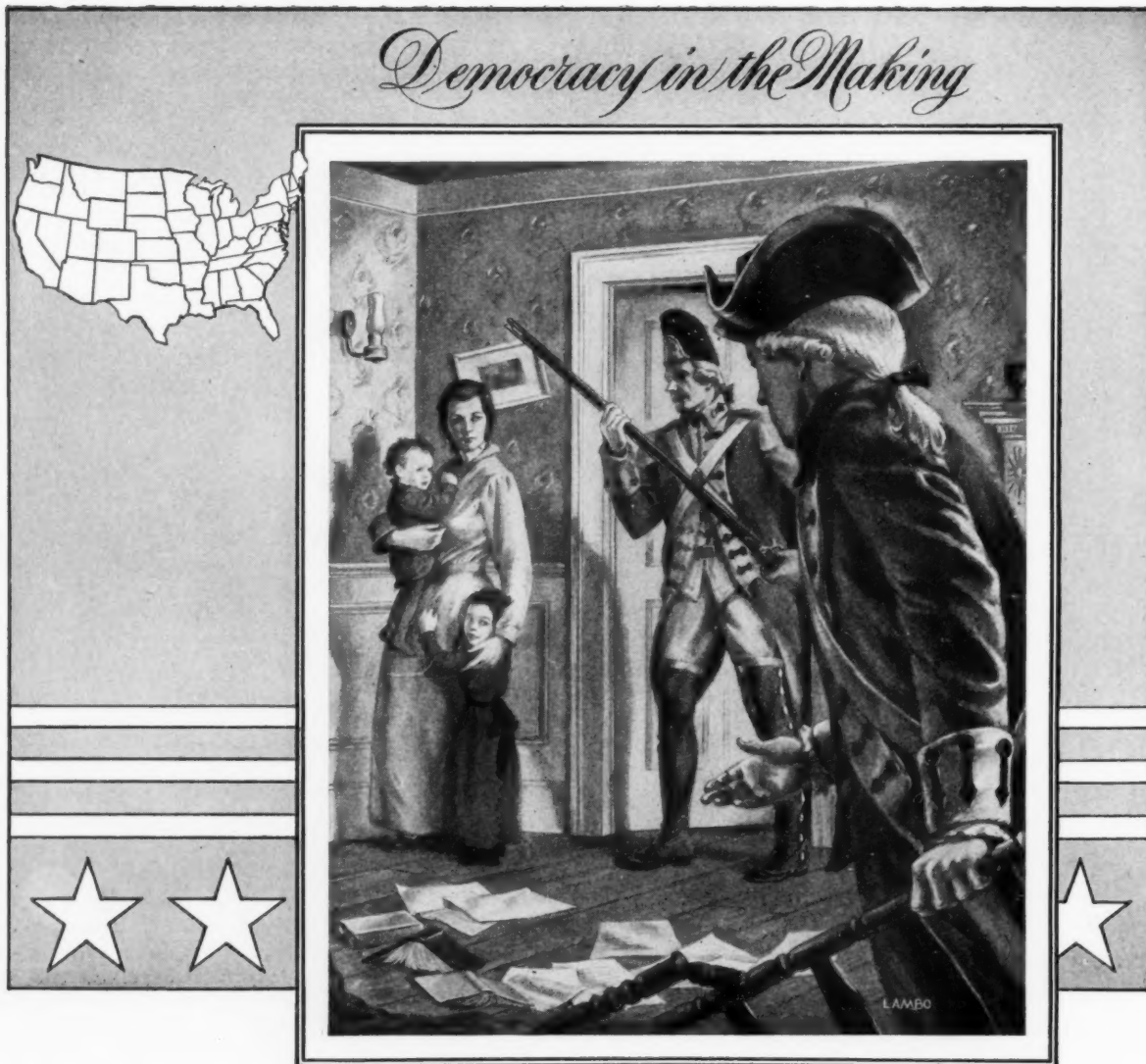


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INDIANA AND WISCONSIN AGENTS CONVENTIONS

THURSDAY, NOVEMBER 20, 1952



IN 1761, the British Parliament passed the Writ of Assistance whereby it assumed the right to search the colonists' homes for contraband goods. Thereupon, James Otis, the Crown's representative in Boston, resigned his official position. His speech, often called the cornerstone of American liberty, defined the Writs as "the worst instrument of arbitrary power." He denied

Parliament the right to pass such a law and the king or a law court the right to enforce it.

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Break Ice on Term Rule Change in N. H.; 3 Year Credit 10%

Annual Rate Levels
Debased 7½%—4.40
Is 5-Year Multiplier

Commissioner Knowlton of New Hampshire announces that he has accepted the New Hampshire Board of Underwriters filing of a revision of its term rule effective Feb. 2, 1953. This will cause the perking of insurance ears countrywide to divine if this is a signal for the long awaited change in the term rule generally.

Under the New Hampshire filing the discount for a three year term is 10% instead of 16% and for the five year term, it is 12 instead of 20.

The rate for a two year term is 1.85 times the annual rate; for a three year term it is 2.7 times; for a four year term it is 3.55 times, and for a five year term it is 4.40 times.

The board at the same time proposes to reduce the annual rate levels of property previously eligible to term discounts by 7½% to reflect in the premium the term discount revision so that the premium paid on risks now eligible for term discounts will be the same as in the past. Under the revision all classes of property insurance and time element coverage will be eligible for the term discount. Such classes not previously eligible for the term discount will not obtain any rate reduction, but the term discounts now applicable to such classes will reflect demonstrated savings when policies covering them are written for a longer period than one year.

Calls It Progressive Step

Mr. Knowlton expressed the opinion that the board was taking a progressive step in correcting a rule which has long provided discounts greater than could possibly be substantiated by any statistical information. He stated that term discounts can only be justified as a measure of expense saving in the reduction of the cost of handling, collection of premiums and accounting together with some credit for interest on the use of additional money. A recent study by National Board reveals that a discount of not more than 10.46% is justified on three-year policies and 12.55% on five-year policies. The revised discounts as filed by the board produce a discount of 10% on three-year policies and 12% on five year policies.

He stated that he was personally in favor of not extending term rule discounts beyond a period of three years because an extension for a longer period committed the companies to an inflexible rate for too great a time in the future, but he said he recognized that such a change would do violence to tradition and indicated his willingness to accept the present proposal as one which at least removes the objections to the present discounts.

On the question of the revision of the term rule generally, Mr. Knowlton said he realized that more than one plan could be used to adjust the discounts and while all produced approximately the same result premium-wise, a close study of the effects of each plan

Hourly Card Is Given for N.A.I.C. Convention

The hour-by-hour program for the convention of National Assn. of Insurance Commissioners at Commodore hotel, New York, Dec. 7-11 is given herewith:

Sunday, Dec. 7

10 a.m.—Blanks committee, Robinson, Ohio, chairman. Fraternal blank subcommittee report; report of subcommittee to study presentation of excess loss reinsurance in annual statement.

10 a.m.—Subcommittee cost and profit factor study of casualty lines, Bohlinger, N. Y. chairman.

10 a.m.—Subcommittee to study the rules and regulations governing sale of credit life and credit A & H, Southall, Ky., chairman.

10 a.m.—Subcommittee uniform qualification and licensing laws, Knowlton, N. H., chairman.

12—Subcommittee to study sites for future meetings, Bohlinger chairman.

1 p.m.—Subcommittee examinations practice and procedure manual revision, Russell O. Hooker, Conn., chairman.

1 p.m.—Subcommittee automobile rates by driver classification study, Mahoney, Maine, chairman.

2 p.m.—Subcommittee: What level of contingency reserves are appropriate for various types of group coverage and in what manner should these reserves be set aside? Bohlinger, N. Y. chairman.

2 p.m.—Subcommittee to study enlarging the functions of the assistant secretary's office and methods of financing, Dickey, Okla., chairman.

3 p.m.—Subcommittee multiple location risks cost factors, Bohlinger, N. Y., chairman.

3 p.m.—Subcommittee A & H policy benefits in relation to premiums, Navarre, Mich., chairman.

4 p.m.—Executive committee, Butler, Texas, chairman. Blanks committee report; reinsurance subcommittee report; assistant secretary's office report; future sites for meetings report; assistant secretary's report; invitations for future meetings. (Accepted invitations, 1953 annual, San Francisco, June 7-11, 1953. St. Francis Hotel; 1953 mid-winter, Miami Beach; pending invitations, Las Vegas, Nev., Lake Placid, N. Y. New invitations).

The subject of inland marine regulated classes to be referred to the appropriate committee for deliberations.

Monday, Dec. 8

9 a.m.—Social security committee, Dickey, Okla., chairman.

9 a.m.—Subcommittee Blue Cross—Blue Shield, Leslie, Pa., chairman.

9 a.m.—Subcommittee uniform deposit laws and regulations, Kavanaugh, Colo., chairman. Proposed Uniform Deposit Law.

10:30 a.m.—Plenary session, Martin, La., president, presiding.

12:30 p.m.—Passe Club International reception and luncheon.

2:30 p.m.—Valuation of securities committee, Bohlinger, N. Y., chairman.

2:30 p.m.—Fire prevention and safety committee, Cravey, Ga., chairman. A volatile schedule for storage of flammable liquids; chemical extinguishers standards—kinds and types; liquid petroleum gas regulations; fire prevention training program.

4 p.m.—Workmen's compensation committee, Larson, Fla., chairman. Valuation law amendment report; small policy economies report.

4 p.m.—Interstate cooperation committee, Davis, Miss., chairman. Reciprocal agreements between states relative to waiving of examinations for brokers and agents.

Tuesday, Dec. 9

9 a.m.—Rates and rating organizations committee, Bohlinger, N. Y., chairman.

might disclose that one was preferable to another. This question is now under study by a committee of National Assn. of Insurance Commissioners but Mr. Knowlton did not feel that the step taken in New Hampshire should be postponed to await the determination of the most desirable method. He did not feel that the rule as proposed by the Board violated any provision of the rating laws relative to discrimination and that the discounts were still sufficiently attractive to encourage insured to take advantage of insurance on the term basis rather than on the annual renewal basis.

Multiple location risks cost factors report; separate classification codes for multiple locations; deductibles, catastrophe and excess coverages. Package policies where coverages are under jurisdiction of several bureaus; term discounts and finance charges on installment premiums.

9 a.m.—Taxation and real estate committee, Viehmann, Ind., chairman.

10:30 a.m.—Definition and interpretation of underwriting powers committee, Leslie, Pa., chairman. Classification of fire, marine and casualty insurance, industry report. Report of industry joint committee on interpretation and complaint. Proposed reaffirmation and amendment of the nationwide marine definition.

12:30 p.m.—Luncheon, Bohlinger, host commissioner, presiding.

2:45 p.m.—A & H committee, Knowlton, N. H., chairman. Blue Cross—Blue Shield report; A & H policy benefits in relation to premiums' report; brief description of cancellation and renewability provisions of policies.

2:45 p.m.—Examinations committee, Bowles, Va., chairman. Examinations practice and procedure manual revision report.

4 p.m.—Laws and legislation committee, Navarre, Mich., chairman. Uniform deposit laws and regulations report; uniform qualification and licensing laws report; similarity of company names.

4 p.m.—Unauthorized insurance committee, Southall, Ky., chairman.

Wednesday, Dec. 10

9 a.m.—Casualty and surety committee, Allyn, Conn., chairman. Cost and profit factor study of casualty lines report; individual merit rating for auto liability; auto rates by driver classification report.

10:30 a.m.—Fore and marine committee, Brown, Texas, chairman. 1921 standard profit formula report; to study the breakdown of permissible expense ratio for fire and allied lines and automobile physical damage coverages report.

10:30 a.m.—Uniform accounting committee, Lange, Wis., chairman. Uniform accounting subcommittee report.

1:30 p.m.—Executive committee.

2:30 p.m.—Zone 4 meeting, Day, Ill., chairman.

2:30 p.m.—Zone 5 meeting, Graves, Ark., chairman.

4 p.m.—Plenary session, Martin, La., presiding.

Thursday, Dec. 11

9 a.m.—Plenary executive session.

Sullivan Vague on New Mass. Statutory B. I. Rates

Commissioner Sullivan of Massachusetts was quoted as saying that the statutory automobile liability rates for 1953 will represent an increase of "at least 10% and perhaps as high as 20%". He said the tariffs probably would be published this week. He claimed that he did not know the exact amount of the increase, but said the figures will probably be announced this week.

National Fire Quarterly Dividend Increased to 65c

The quarterly dividend rate on National Fire stock has been increased to 65 cents, from 50 cents, the first payment on the new basis to be Jan. 2 to stock of record Dec. 15. The year-end extra dividend of 50 cents that had become customary has been declared, payable Dec. 22 to stock of record Dec. 15. This makes the 1952 distribution \$2.50.

In view of the increase in the quarterly rate which represents an increase in the annual regular dividend rate from \$2 per share to \$2.60, the board plans to discontinue special dividends, beginning with 1953.

Now Industrial Mutual

Industrial Mutual is the new title of the factory mutual insurer that was formerly known as Cotton & Woolen Manufacturers Mutual.

Motors Ins. Co. Dies Hard on Ohio Case; Asks Rehearing

Pleads for "Reasoned
Opinion" in Auto
Dealer Licensing Issue

Motors Ins. Co. has filed a petition for rehearing with the U. S. Supreme Court in the famed Ohio licensing case. The high court on Oct. 13 dismissed the appeal of Motors from the final judgment of the Ohio supreme court which upheld the Ohio insurance superintendent and director of commerce of that state. In the petition for rehearing, Motors states the questions raised here are of such novelty and commanding public importance that reasoned opinion is warranted.

The Ohio statutes, according to petition, are as construed and applied, completely unique. Nowhere in the legislation of the several states with the exception of the New York statute condemned in *Hauser vs. North British & Mercantile Ins. Co.* and the thoroughly distinguishable South Carolina statute upheld in *Daniel vs. Family Security Life Ins. Co.*, is there to be found a statute which either on its face or in practical effect, as applied, excludes persons connected with a particular business such as the sale of automobiles from the privilege of acting as agents for insurance companies. Nowhere in the legislation of the several states is there to be found a disqualification for licensure predicated upon the principal use of the agent's license to sell insurance to customers of his mercantile business in respect to property sold to them.

The result of this case, if allowed to stand, the petition states, will mark a point of departure in the application of the due process and equal protection principles.

The opinion of the Franklin County common pleas court in Ohio, according to the petition, is the only one which contains any discussion of the statutes as construed and applied by the state authorities. This opinion, according to the petition, makes entirely clear that the sole purpose and effect of the challenged construction is to discriminate unjustly and without reason against persons engaged in the automobile sales business and to promote solely the private interest of a group of competing insurance agents. The case is of immediate importance to the 1,100 former insurance agents previously licensed by Motors Ins. Co. and to the other Ohio citizens connected with the automobile sales business who also desire to be licensed as insurance agents and sell automobile insurance to persons who have purchased cars from them. Also the case adversely affects the interests of the automobile insuring public.

Deviation Moves in Ohio

Fireman's Fund has withdrawn its application for a deviation in rates, which it submitted to the Ohio department and Ohio Inspection Bureau. A hearing on the application of United Benefit Fire for deviation will be held before the department next month.

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**T. A. Walsh Suit
Alleges That Corporate
Maze Was "Drain"**

The June 30 financial statement of Rhode Island Ins. Co. shows an impairment of \$914,032 and the superior court for Providence county has ordered cancellation of all outstanding insurance policies effective 15 days from the mailing of notice of cancellation to policyholders. There will be a hearing at Providence Dec. 8 on a petition by the receiver to the court for an adjudication of insolvency and for direction to liquidate. T. J. Meehan, who is Rhode Island state director of business regulation in his report as receiver, said there is no longer any reasonable prospect that the company can be rehabilitated or made solvent. This petition was signed jointly by him and by Jesse B. White, who was formerly president of Rhode Island and has been special deputy receiver. According to recommendation of the receivers, the claim for unearned premiums will be classified as general claims. The receiver recommends that losses payable on policies carried during the receivership and administrative expenses of the receivership be classified as priority claims.

There has also been filed a bill of complaint in Providence superior court by Thomas A. Walsh of Covington, Ky., with an equity suit for at least \$2 million against companies and individuals that were involved in the Rhode Island situation. The suit alleges that these persons set up corporations with paper assets and that just before Rhode Island went into receivership there was arranged reinsurance treaties on which the principals of these paper companies were to be paid premiums of \$750,000. He charged that Atlantic Brokerage Corp. of Nevada was the broker that it was paid \$750,000 shortly before the receivership.

Defendants Are Named

The defendants in the lawsuit include C. Coburn Darling, John E. Reinhold, Harry R. Reinhold, Jesse B. White, Stewart B. Hopps, Charles B. Wiggins, John D. Guinness, Luis J. Botifoll, John P. Moran, Morrell MacKenzie, John R. Bear, Geraldine B. Hopps, Robert S. Hopps, Alfred R. Marks, Henry A. McCarthy, Jorge Pendas, Atlantic Brokerage Corp., Commercial Brokers Corp., Compania General De Seguros "La Comercial," Narragansett Ins. Co., Compania Interamericana Exportadores Y Seguros, Continental de Seguros, Instituto Internacional Del Credito, Union de Exportadores de Azucareros and Continental Fire & Casualty of Dallas.

Mr. Walsh in his suit alleges that he put up \$110,000 in 1948 to help Stewart Hopps and Associates buy control of La Comercial de Cuba. He said the defendants intended to transfer their operations to a new group of foreign insurers, transferring some business and assets of Rhode Island. The complaint charges that one company after another was created by issuance of bonds and establishment of fictitious bank accounts. It was alleged that Stewart Hopps, John Reinhold and George Farquar organized Continental Seguros in Panama and the stock of Commercial was transferred to that company. The Panama company, according to the complaint, was "nothing more than the alter ego of Hopps and Reinhold."

Then there was organized Rhode Is-

land International Ins. Co., a Tangiers corporation, and to that the foreign business of Rhode Island was transferred.

The complaint charges that the Hopps group incorporated Union de Exportadores de Azucareros "for the sole purpose of issuing worthless bonds which could appear as an asset in Rhode Island International's balance sheet." Later, he said, the name of Rhode Island International was changed to Commercial & General Fire & Marine and stock of Narragansett was transferred to that company. Then it is charged that in April, 1950, there was created Commercial Underwriters Corp. which issued policies, collected premiums and paid losses on behalf of Commercial in Rhode Island and New York. There were some transfers, according to the complaint, that gave substantial profit to the individual defendants and that caused injuries to Commercial, Commercial & General and Narragansett.

Atlantic Brokerage Corp., according to the complaint, with Hopps and his wife as stockholders, was a device to "drain off the funds of Commercial, Commercial & General and Narragansett" for the benefit of the defendants.

Bethel Honored



Retiring secretary of Kentucky Assn. of Insurance Agents, Peyton B. Bethel (left), and incoming president, Hendree Milward, Lexington. Mr. Bethel, holding Cherokee cup award, was named "the man who contributed most to the insurance industry in Kentucky in 1952." The award, begun this year and presented by Cherokee Ins. Co. is an annual one.

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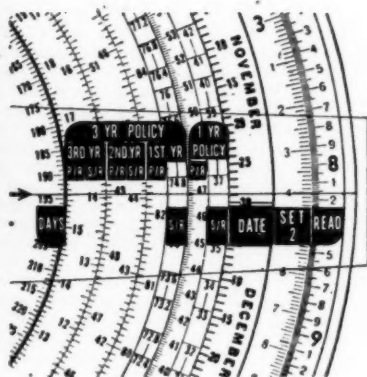
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STATE ATT'N MR.....

A.M.A. Insurance Parley Draws Attendance of 700

More than 700 were registered for the insurance division conference of American Management Assn. at the Drake Hotel, Chicago, last Thursday and Friday. A great many of the buyers were on hand the previous day also for the first general membership meeting of National Insurance Buyers Assn. This

A.M.A. conference, Chicago in November and New York in May, each year gets to be a greater gathering of the top insurance buyers of industry and blue chip brokers and agents, and insurance company and bureau representatives. In its social aspects, it has now just about busted its buttons.

On Thursday evening, for instance, at the Marsh & McLennan sumptuous buffet and cocktail party, the guests were just about as tightly packed in as they are at the America Fore famous cocktail party at the N.A.I.A. annual gatherings. Also, the Rollins Burdick Hunter Co. dinner and floor show entertainment that same evening set a new high in style and attendance. There were numerous other hospitality suites in rooms, including those of Fred S. James & Co., W. A. Alexander, Alexander & Alexander, the Kemper companies, and nu-

merous other smaller get-togethers.

The Kemper breakfast the next morning brought together a large number of the buyers in a congenial atmosphere.

The program is run off smoothly and the publicity job is handled with the utmost skill, in charge of Donald G. Keen, public relations director.

A. M. Best Featured

The subjects for the business sessions were well selected, and a special interest was taken in the appearance of A. M. Best, the venerable insurance publisher, who addressed a luncheon meeting Friday, giving some hints on how to size up the underpinnings of an insurance company. He said the most important danger signal is a continuous underwriting loss. This weakens a company and tempts the management to skimp on loss settlements. He went on to observe that if claim reserves are skimmed, a fictitious appearance of underwriting profit may be created in the casualty and surety lines. However, there is little a business man can do to test the adequacy of claim reserves. The insurance departments have their eye on this.

If premium volume or liabilities appear large in proportion to net resources, reasons should be investigated, he said. It may or may not be unfavorable, depending upon the margin of profit achieved. At the end of 1951, stock fire and casualty business reported 65c policyholders surplus for each dollar of statement liabilities and 79c of such surplus for each \$1 of net premiums written.

Paul H. Schindler of Youngstown Sheet & Tube as vice-president of A.M.A. in charge of the insurance division was general chairman, and he enlivened the proceedings with witty observations, as he went along.

A lot of interest was taken in the paper on appraisal techniques for determining insurable values that was given by John F. Boehner, regional supervisor for the Chicago metropolitan area of Western Adjustment, and he was asked many questions in the discussion period.

Must Keep It Up to Date

The biggest problem with an appraisal, regardless of who made it, is the failure to keep it up to date, he said. This is not critical in years where there have been no material changes in cost, but that has not been the situation in the past decade. Whatever appraisal method is used, he said, building appraisals must be reviewed at least once a year and contents every six months to a year, depending upon whether "ins and outs" are taken into consideration at the time they occur.

The whole value is made up of many items, and each play a certain part in determining value, both as to replacement cost and depreciation applicable. Trending values after good basic appraisals have been made can be done, but it is preferable to reappraise every item. If trends are used, they must follow the individual trade changes in connection with buildings and class of equipment changes in connection with machinery, equipment and other contents.

In a proper appraisal to determine insurable value, the appraisal report should clearly state that the calculations are based on reproduction cost, less depreciation. The computation values for insurance purposes serves not only to assist the buyer in determining insurable value, after a casualty has occurred. The burden of presenting the detailed data required by the policy conditions rests with the insured. This must include sufficient description and identification properly to identify the items as well as the current replacement cost, depreciation, value and loss.

Appraisals by appraisal companies, from the adjuster's standpoint, usually are in sufficient detail and well organized. The adjuster sometimes disagrees with the rate of depreciation, however. The most frequent complaint is that the appraisal has not been kept up to date and replacement of worn out equipment not adjusted for "ins and outs."

Computations made by the insured's
(CONTINUED ON PAGE 18)



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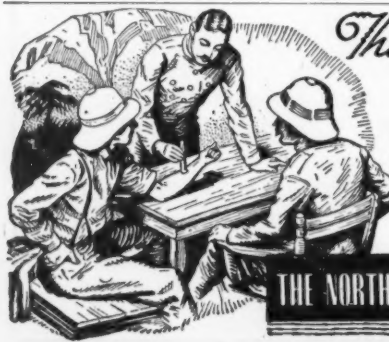
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Washington Agents May Sponsor Ohio Type Licensing Law

SEATTLE—Sponsoring of an amendment to the Washington insurance code to prohibit the use of agents or brokers license for the "principal" purpose of insuring property sold under a conditional sales contract was considered at a meeting of the trustees of the Washington Assn. of Insurance Agents and local association presidents. Keen interest was shown in the recent U. S. Supreme Court decision upholding a similar statute in Ohio, which was contested by General Motors.

The provisions of the Ohio law were reviewed by H. P. Sargent, state national director, and it was decided to take a poll of the local associations to determine what course should be followed at the 1953 session of the Washington legislature. Local association presidents were asked to report to the executive committee at once so that preparations can be made for drafting a bill, if it is considered desirable.

Combat Monopolistic Proposals

The association is gearing its legislative activity to combat any monopolistic state fund programs. There was strong sentiment for a possible amendment of the Washington code to retaliate against states which impose unreasonable split commission requirements on Washington agents or brokers writing business in other states.

President Matt Maury reviewed several matters of direct concern to producers of the state, including the Loyalty group's recent announcement of a reduction in automobile commissions; the writing of automobile insurance for various groups by Public Employees Mutual and the requirement that all owners of boilers pay a permit fee regardless of whether inspection is made by the state or by private carrier.

H. P. Sargent, state national director, reviewed the N.A.I.A. convention, particularly with regard to the commission question. He said adequate assurances had been given the Washington, Oregon and Rhode Island associations that they will not be represented in any conferences with company or rating groups and that the position of these three states will be made clear to those participating in such conferences. In addition, Mr. Sargent said assurances have been given the three states that they will be notified in advance in the event the N.A.I.A. executive committee or committee on commissions contemplates discussions with company or rating bodies.

Adjusters to Hold Eastern Regional Meeting at N. Y.

B. L. Jones, regional vice-president of the eastern division of National Assn. of Independent Insurance Adjusters, has announced plans for a regional meeting at New York Dec. 5.

The eastern division comprises 12 states and District of Columbia. The principal speakers will be E. Chauncey Niver, executive vice-president of New York Board of Fire Underwriters, and Ward Cunningham of Chubb & Son, president of Loss Executives Conference.

Centenarian Agency

The Loomis Agency of Glens Falls, N. Y., celebrated the 100th anniversary of its founding and of its representation of Glens Falls Ins. Co. The agency was established by Meredith B. Little, eldest son of Russell Mack Little, the founder of Glens Falls Ins. Co. Today it operates not only at Glens Falls but at New York, Chicago, Vancouver, Toronto, Montreal and throughout Canada. It became well known to the underwriters of London Lloyds.

In 1883, Charles Carson, father of

Russell Mack Little Carson, widely known for his work with National Assn. of Insurance Agents, joined the agency. Six years later John R. Loomis became a partner. It was under the leadership and guidance of Mr. Loomis that the business expanded and became international in character. In 1935, the agency was incorporated under its present name.

Mrs. Martha Loomis Fox, the president, is the daughter of Mr. Loomis; Miss Helen F. Leonard is vice-president; Daniel L. Robertson, treasurer; and John L. Robertson, secretary. The treasurer and secretary are grandsons of Mr. Loomis.

Loren Laughlin's Wings Are Clipped by Governor

According to the Omaha World-Herald, Gov. Peterson of Nebraska has told Insurance Director Loren Laughlin he must not travel so much at state expense. The paper said it is no secret that the governor's office has been concerned about the number of trips taken by Mr. Laughlin since he became director last Jan. 1.

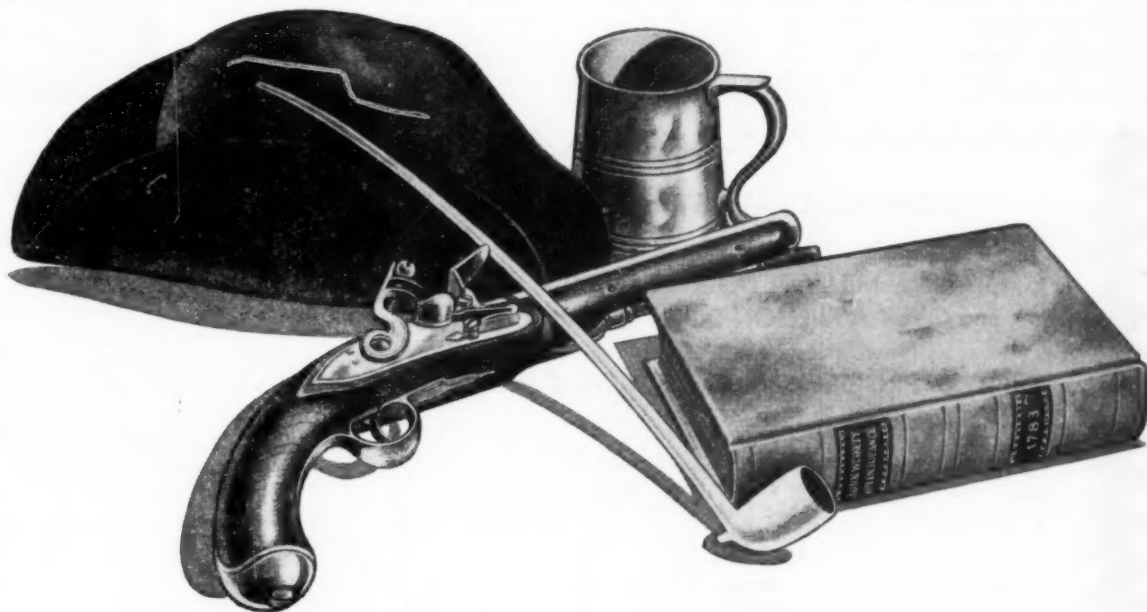
The matter came to a head when Mr. Laughlin got Lieut. Gov. Warner to authorize a trip to Chicago while Gov. Peterson was away.

The governor had laid down a ruling that out-of-state trips by officials under his supervision must be approved in advance by the governor.

Technically, Warner was acting governor the day he okayed Mr. Laughlin's expense voucher.

But the governor held up payment of Mr. Laughlin's \$118.49 expense voucher for the Chicago trip and summoned the insurance director for a talking-to.

The World-Herald was told that the governor okayed payment of the Chicago-trip voucher but told Mr. Laughlin that he is not to travel so much from now on.



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Agent Comments on Propriety of Reporting Small Loss

A reader writes:

"In regard to your editorial comment in your issue of Nov. 6, 1952, under the heading of 'Contribution of Wives to Insurance,' in your last paragraph, where you spoke about the special agent losing his hat and asking his manager if he should charge it on his expense account or else report it under his floater policy, I couldn't help making a comment because as an agent several times I have suffered a small loss which was covered by an insurance policy and my first impulse was that I should not report this because it was too small. Nevertheless, I generally take the stand that I am an agent representing both the company and my client, and I favor

representing my clients better because they have nothing to do with writing the contract which they buy. Therefore, I always feel, regardless of the size of the loss, if it is legitimate it should be paid if it is covered under the policy, and I try to discourage the feeling that a \$10 loss or even a \$5 loss is too small to bother with. I feel that if the company which writes these contracts did not intend for these \$5 losses to be paid they should, as they do other things, put that remark in the contract.

Floater Policy Loss

"Now, getting back to our special agent, I also feel if he is buying a floater policy without any deductible, which by the way is unusual, it generally carries at least \$15 deductible, he is perfectly in his right in placing that loss under the floater policy."

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NO STANDARD HIGHER THAN COMMERCIAL STANDARD

Dekker Says Agents Should Aim for More U.&O. Business

BALTIMORE—Emulation of a mid-western agency, which has business interruption insurance on 50% of its mercantile and manufacturing accounts, was urged by Nick Dekker, secretary of America Fore, at the Maryland Assn. of Insurance Agents convention here.

Mr. Dekker said that with only 3% of the total fire and extended coverage premiums written by fire companies represented by U. & O., there is obviously an opportunity for greater sales in this field.

The way to achieve the sales is to go out and approach customers, he said. Only through such a method can the agents learn the U. & O. field. Attendance at meetings, reading, and other activities are fine, but actual sales experience is still the best teacher.

Indicts Company and Agents

Believing that the small amount of sales written on this form is an indictment of the companies and agents, Mr. Dekker urged agents to quit worrying about the complicated risks and try to sell those that are easy to solicit and service.

Business interruption insurance must be sold, he continued. Only a few large insured automatically include it in their insurance programs. The small concerns must be approached.

Two basic forms, easy to employ, are available. The difference between the gross earnings form and the two item form is the treatment of ordinary payroll.

Under the gross earnings form, gross sales minus returns is figured for the mercantile risk. In the case of the manufacturing risk, it is the sales value of the production minus the cost of the merchandise or raw stock and supplies.

Under the two item form, he said, it is just a matter of deducting the cost of merchandise or raw stock and supplies, ordinary payroll and heat, light and power from the gross sales of a mercantile risk, or the sales value of production from a manufacturing risk.

In the gross earnings form, coinsurance is 50% to 80%, while under item

1 of the two item form it is 80% and under item 2 of the second form it is 80% of the largest 90 day payroll, he said. He warned, since business interruption insurance is always concerned with future operations, and since recovery will be on the basis of future operations, the coinsurance clause must be on those same values.

The advantages of the gross earnings form are: (1) it gives blanket coverage on net profit, fixed charges, key and ordinary payroll; (2) the assured has a choice of four coinsurance clauses; (3) it does not force the assured to decide at the time insurance is purchased, what part of the payroll is essential and what part ordinary.

Check Values Periodically

Values should be checked periodically, he said. During the past ten years inflation of prices and the rise in business volume have tremendously increased U. & O. values. Therefore, agents should reexamine every value at least once a year.

The small prospect should be approached on the basis that he will be insuring his standard of living. The large insured should be approached on the basis the agent is insuring his operating statement.

A panel of Harry M. Gibbs, special agent of Commercial Union; William R. Finnie, special agent of Fireman's Fund; W. Kempton Crosby of J. Ramsay Barry & Co., Baltimore; J. Edward Cochran, Hagerstown, and Hodges B. Childs, Crown Cork & Seal Co., discussed Mr. Dekker's paper.

Mr. Gibbs asked Mr. Dekker if he could outline a theoretical risk which would require both U. & O. and extra expense insurance. He replied that a newspaper would be an excellent example. It will do anything and everything to maintain business.

Cost Determine Form

It depends on the risk when it comes to determining which form is better, in general, Mr. Dekker replied to Mr. Cochran's question. If the owner, such as a merchant desires to retain his employees, then the gross earnings would be best regardless of the cost.

Three things prevent business interruption insurance from doing what insured would have done in the event of no loss, Mr. Dekker said—failure to comply with the coinsurance clause.

(CONTINUED ON PAGE 18)



Nick Dekker

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Wind Hazard Makes Self-Insurance Idea in Fla. Dangerous

MIAMI—"One good hurricane could completely bankrupt any self-insurance plan set up by the schools," states Jess L. Turner, president of Greater Miami Insurance Board, commenting on the recently released survey report on the Dade county, Fla., school system. The report, prepared by the George Peabody College for Teachers, estimated that the school board could "conservatively" save \$200,000 per year by instituting a self insurance plan.

This report, primarily designed to evaluate educational standards in the schools, devoted some of its efforts to proving that insurance rates charged the schools were too high.

Turner stated that a committee of Florida Assn. of Insurance Agents, sponsored by the Miami board, is examining fire rates throughout the state as applied to school property, and that there is a possibility that the fire rate would be decreased.

Windstorm Losses High

"But the windstorm rate is here to stay, or possibly even go higher," he added. "Even in the relatively small 1950 hurricane, our windstorm losses on school property were 50% of our gross premium, including insurance on contents, buses, compensation, etc. A repetition of the 1926 storm could easily run losses well over a million dollars."

The Peabody report stated that a study conducted by the National Association of Public School Business Officials contained the following statement:

"The fire insurance business of city school districts yields stock companies upwards of ten million dollars in premiums collected annually. Their charges for this business are exorbitant. They do not intend to do anything about it. School districts should seek more economical sources for protection. There are other ways that are safe, as pointed out herein."

For Self-insurance Plan

The way advocated by the Peabody report for Dade county, including Miami, where windstorm hazard is the greatest in the nation and construction costs are especially high because of necessary building code requirements, is to "take advantage of the legislation enacted in the 1951 legislature and begin a self-insurance plan."

"In so doing, the board could save around \$200,000 a year. Incidentally, the estimate of the insurance costs for the fiscal year 1952-53 is \$342,438.92. On the basis of this estimate and the further fact that as the school plant expands the insurance costs will increase, it seems evident that a saving of \$200,000 is a conservative figure. Moreover, savings in such matters as insurance can be made without affecting the instructional program of the county."

Mr. Turner says he wonders how the instructional program of the county would be affected under such a plan if a couple of schools were condemned as a result of windstorm damage.

meeting at Chicago, proceeded that same evening to go into a huddle and elect officers. Their decision was to retain those that have been serving, headed by H. E. Goodell of Western Electric, New York, as president. First vice-president is Ray S. Bass of A. E. Staley Mfg. Co., Decatur, Ill., and second vice-president is R. B. Gallagher of Philco Corp., Philadelphia. Treasurer is George E. Rogers of the Robert Gair Co., and manager is P. A. Burke, who presides at the headquarters in the Hotel Martinique at New York. The next meeting will be in May at New York.

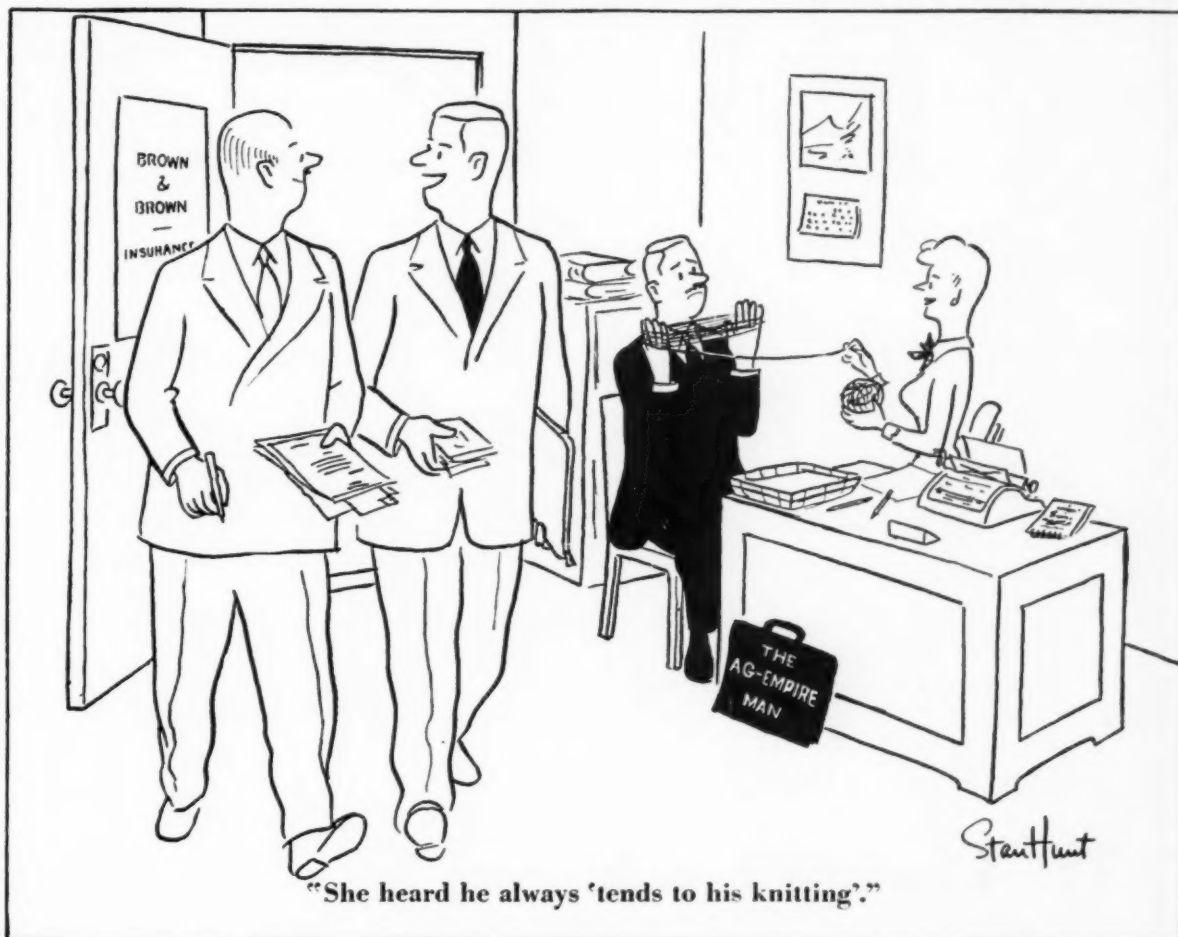
Day Wins Appeal Holding Fleet Rates Must Be Given to Common Management

Insurance Director Day of Illinois has won a decision in the Illinois appellate court on an old controversy under which it is held that an insurer that elects to handle auto fleet business must accept risks in which the cars are operated under the same management as well as risks in which the cars are commonly owned.

The issue arose in 1950. The insur-

ance department's order that was upheld by this decision, was entered Feb. 9, 1951, and was to the effect that under the unique provisions of the Illinois law, fleet rates if they are to be used at all must be made available to specified common management situations as well as to common ownership situations. The matter was pressed by the Grey Van Lines. The ruling was protested by National Automobile Underwriters Assn. and North America. The circuit court had given a decision in favor of the latter.

The appellate court said the legislature intended the fleet rate to be applicable



"She heard he always 'tends to his knitting'."

Leave it to the gals to string a guy along. But we suppose it can't be helped in this case. The jack-of-all-trades reputation of the AG-EMPIRE field man just comes naturally. His way of getting things done keeps detail from desks of busy agents and secretaries. And when there's a special job—to help sell prospects, explain rates, to make fire prevention suggestions—the AG-EMPIRE man is never "tied up." He's on the job, tending to his knitting. If you like this kind of helpful service, let us know.

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R. K. Hill Takes Post with Kemper Organization

R. K. Hill, formerly secretary in the Chicago western department of Springfield F. & M., has joined the executive staff of the fire division of the Kemper group, where he will be associated with Vice-presidents J. A. Arnold and T. L. Osborn, Jr. His headquarters are in the Kemper building in Wacker drive where the head office of American Manufacturers Mutual is located.

Buyers Reelect Goodell

Directors of National Insurance Buyers Assn. that were elected at a luncheon



Every Type of Property Insurance for Commerce, Industry and the Home

to either automobiles owned by one insured or non-owned automobiles under one general management. Accordingly, if an insurer chooses to insure fleets it cannot refuse groups under "one general management."

The court alludes to the contention of N.A.U.A. and North America that the

order is unreasonable because in no other state is insurance written under a non-owned "one general management" policy. That may be, the court said, but the Illinois legislature has seen fit to provide for this type of business in Illinois. The present statute entitles both groups to the fleet rates.

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Lively Forum at Kentucky Meeting Covers Many Lines

The forum which closed the annual meeting of Kentucky Assn. of Insurance Agents at Louisville last week was an outstanding hit. It drew a packed house, and the audience stayed with it entirely, although it ran until rather late in the afternoon. H. B. Milward, Lexington, newly elected president of the association, who was in the chair, remarked at one point that it was amazing to see people tiptoeing into the last session, instead of tiptoeing out, as usually happens.

J. C. Wharton, Lexington, state agent Crum & Forster, the moderator, did an excellent job in selecting and posing questions, and kept the members on their toes and the conversation running at a rapid fire pace. The panel consisted of H. W. Robertson, Henderson, state agent Hanover; W. M. Brown, Louisville, manager Glens Falls; P. W. Jerome, Chicago, marine superintendent Aetna Fire; and Ben Horton, Louisville independent adjuster. J. C. O'Connor, Cincinnati, executive editor, "Fire, Casualty & Surety Bulletins," of THE NATIONAL UNDERWRITER who spoke just before the forum, was pressed into service as an extra member of the panel.

Automatic A.E.C.

Mr. Robertson handled a number of technical questions on fire insurance coverages and rules. He brought out the point that practically all companies are accepting 45 day flat cancellation of additional extended coverage. Strictly speaking, the rules do not permit cancellation of this portion without cancellation of the fire policy as well, just as is the situation with extended coverage, but this liberal attitude has been generally adopted to encourage agents to incorporate A.E.C. into renewals on an automatic basis, with cancellation without penalty if the insured refuses to accept it. He cited several cases where agents have been very successful with this practice, the coverage sticking in the overwhelming majority of cases.

There were a number of questions about term installment, annual renewal and the renewal loss clause rules. Mr. Robertson said that if the insured has a total loss, does not rebuild his property, and asks for cancellation, he is entitled to a short rate return of the entire premium. Where an annual renewal endorsement is added and the insured decides he does not want it, Mr. Robertson said that the rules give only 10 days for cancellation, but Kentucky Inspection Bureau has been allowing up to 45 days. There was considerable discussion about the situation of an insured under an annual renewal plan where the company has withdrawn from the agency. Mr. Robertson said that some arrangement must be made to take care of insureds under those circum-

stances, that another company may agree to accept these renewals, but the arrangement must have the approval of the insurance department. G. C. Dick, attorney of the insurance department, got into the discussion and added that there is no automatic approval or universally prescribed solution. Each case must be submitted to the insurance department on its own merits, and in all cases the consent of both companies must be obtained.

Money and Securities Form

Mr. Brown was asked about the relative advantages of schedule and blanket coverage under the broad money and securities form for an insured with two or more locations. He said the individual circumstances of the insured should be considered before making any recommendations. For example, if the insured's locations are widely separated, say an office in Louisville and another in San Francisco, so that a loss could occur at one office and another loss at another before the insured's home office could report to the insurance company, the schedule form is preferable. The schedule form provides an independent amount of insurance on each office; while the blanket form has only a single amount, with automatic reinstatement applying only after a loss is reported to the insurer. On the other hand, if the offices are close together, so that any loss will be reported without delay, he would recommend the blanket form.

(CONTINUED ON PAGE 18)

New Kentucky Team



The new official team of Kentucky Assn. of Insurance Agents elected at annual meeting at Louisville: Hendree Milward of Lexington, new president; Guy Billington of Murray, second vice-president, and Charles H. Moore of Bowling Green, first vice-president.

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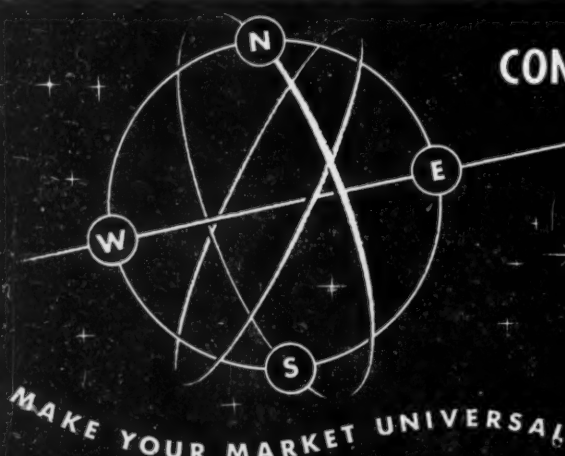
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Microfilm Not Substitute for Cover on Papers

After giving a formal paper on accounts receivable and destruction of records insurance at the American Management Assn. insurance conference at Chicago, Secretary Urban M. Lelli of Phoenix of Hartford, answered a number of questions. For instance, there was the question of whether it is not better for a concern to use its resources to duplicate valuable records by microfilm instead of paying for premiums. Mr. Lelli said that it is frequently cheaper to insure than to duplicate and insurance is a guarantee, whereas duplicated records might be destroyed or damaged in a catastrophe such as an earthquake.

Mr. Lelli said that a concern that did microfilm, would need less insurance. In the event of a loss the firm would still want to put itself back in the position of having duplicates. He told of one firm that microfilmed its records once a month and then filed these in the same vault with the originals.

Some tests have been conducted that demonstrate that even with a department store that microfilms 26 times a month, 40% of its entire accounts receivable are not microfilmed. This is due to collection department activity, current purchases, etc.

In answer to a question on the amount of accounts receivable insurance that should be carried, Mr. Lelli said it is possible to exclude certain large accounts that could be counted upon to tell faithfully what they owe. There was a burst of laughter when the question was asked: "Have there ever been any losses paid under this cover?" Mr. Lelli replied that there had been many. He told of a large department store in Illinois that had been solicited frequently to buy accounts receivable insurance. This store suffered a big loss and did not have this coverage. The management asked Phoenix what they might expect to collect and were told that it would be about 50%. That proved to be correct.

He told of a small merchant that lost his records and went to a wealthy customer and asked what the latter owed him. This customer was indignant and said that he always paid his bills promptly and owed nothing. The next week a statement from the merchant turned up in the pocket of a suit that this customer had sent to the cleaners. A preacher in the town heard about this, Mr. Lelli said, and bought insurance on pledge cards for a building fund.

Transamerica to Buy Stock of New S. F. Auto Insurer

Automotive Ins. Co., San Francisco, has been authorized by the California department to sell 1,000 shares of its \$100 par value stock at \$200 to net the company \$200,000. The stock is to be sold to Transamerica Corp., which will contribute not in excess of \$500,000 to surplus. The company is proposed to furnish a market for those who have difficulty in placing automobile insurance.

Mid-West Territorial Plans

The mid-west territorial conference of N.A.I.A. has now been definitely scheduled for Feb. 22-24 at the Sheraton-Cadillac Hotel at Detroit.

Marquis Joins Nehring

Robert C. Marquis has become secretary of the Nehring insurance agency of Tucson, Ariz., which is headed by Kenneth Nehring, state national director of Arizona Assn. of Insurance Agents. He attended University of Arizona and served in the air force in the last war and has just recently been discharged from active service in the Korean war.

He was awarded the distinguished flying cross and the air medal with two oak leaf clusters. Since 1946, except when in military service, he has been with the Davidson insurance agency of Tucson.

Uses Extra Digit; Loses Minn. State Prison Line

ST. PAUL—The use of an extra digit in a bid on state prison insurance cost the Bachman-Anderson agency of St. Paul and Minneapolis a nice piece of business and brought an order from Commissioner Nelson prohibiting the agency writing any insurance on the state prison for a year. The insurance for the coming year was awarded to

the Krog agency of Stillwater, representing all the agencies of that city, where the prison is located.

Bachman-Anderson had put in a bid of .9557, slightly lower than the Krog bid, and was awarded the business. Then the Stillwater agents protested that the Bachman-Anderson bid was not according to law and asked for a hearing by Commissioner Nelson. It was brought out at the hearing that the correct rate should have been .956, under the rule of Fire Underwriters Inspection Bureau, which specifies that an average rate should not exceed three decimal points. If the fourth digit is five or more, the last digit should be raised to the next highest. Therefore the rate should have

been .956 instead of .9557. The commissioner held that the use of the improper rate constituted violation of law. The prison insurance is written on a five-year basis with total premium about \$10,000.

Pittsburgh Buyers Program

"The Insurance Problems of the Contractor—Problem Today, a Crisis Tomorrow," was the topic of discussion at the Tuesday luncheon of Insurance Buyers of Pittsburgh. Special guests were Thurman C. Tejan, executive secretary of Constructors Assn. of Western Pa. and W. C. Bowden, executive secretary of Master Builders Assn. of Allegheny County.



It takes two to do a mind-reading act—and it also takes teamwork between producer and company to build an outstanding insurance business. Last year we made available to any agent or broker, whether he represented us or not, copies of a monthly mailing to our producers, FIREMAN'S FUND IDEA INDEX. The requests were so numerous that we are continuing this offer in 1952. Past issues of the IDEA INDEX discussed specific coverages...the complete file is a miniature textbook on insurance. This year, the emphasis will be on sales helps, case histories, success stories, helpful information on overcoming sales resistance. One of many FIREMAN'S FUND services, our IDEA INDEX has built business for others...it can build business for you. Mail the coupon today.

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Term Discount Change Will Be Made Gradually

Reduced term discounts and eligibility of more classes are not expected to be adopted in a lot of states immediately. The action in New Hampshire undoubtedly will stimulate other states to study the matter and perhaps confer with company leaders.

Though the business pretty generally has concluded that there must be wider application of discounts, and that change will eventually be made the country over, the process will be slow. Studies still are going on to determine without any possibility of question that new discounts selected are justified by actual savings under the conditions that currently obtain in the business—notably the effect of term pay plans on the cost of doing term business. One problem could be posed by some companies adopting reduced discounts and others adhering to the older, more liberal ones.

Several months ago the idea that a revision of term discounts might offset some of the very real miseries of term pay plans was discussed but exploration showed this would not to any extent be the case.

The influence of pay plans may be to put most business on term with the trend more and more to five years.

Fire rate reductions have been approved as of Jan. 1 on dwellings all construction, apartment houses of brick and frame within city limits or suburbs with full hydrant protection, and a number of other classes in Georgia. The premium reduction will amount to \$1,425,000 a year, according to commissioner Cravey.

O.L.&T. Rates Up in Pa. and Minn.

O.L.&T. rate revisions resulting in an average state-wide increase of 31.8% became effective in Pennsylvania Monday and, producing an increase of 37.6%

became effective in Minnesota the same day.

In Philadelphia the average rate increase is 19.5%, in Pittsburgh 39.7% and remainder of state 34.5%.

In Minneapolis-St. Paul the increase is 42.1% and remainder of state it is

Hear Bohlinger May Take Company Post and Stott Become N.Y. Superintendent

There is some gossip being heard these days that Alfred Bohlinger may before long take leave of his office of New York insurance superintendent and assume an insurance company position.

Coupled with this is the rumor that John C. Stott of Norwich might be named as the new superintendent. He is a former president of National Assn. of Insurance Agents and is highly respected. He was a delegate to the Republican national convention.

Bankers L. & C. vs. Cravey Must Be Tried in Ga. Court

Commissioner Cravey of Georgia has won a decision from Federal Judge Holland at Atlanta that the action that was brought against him by Bankers Life & Casualty of Chicago must be tried in a Georgia federal court. Bankers L. & C. in dramatic fashion served Mr. Cravey along with Insurance Commissioner Larson of Florida during the course of the commissioners' regional meeting in the Everglades and the action was to have been tried in Florida. Later, Mr. Larson got a severance. Bankers Life & Casualty is bringing action for damages under the federal anti-trust laws, etc., in connection with Cravey's denial of a license to the company.

High Court Denies Writ

A writ of certiorari has been denied by the U. S. Supreme Court in No. 359, Eunice Rice Milling Co. vs. Employers Mutual Liability.

Auto Rate Revisions Effective in Pa.

Automobile rate revisions that became effective in Pennsylvania Monday produce increases for BI and PDL combined from \$1 to \$12 except in Pittsburgh suburban, the cities of Carbondale, Lancaster, Lebanon, Scranton and York and the counties of Adams, Bedford, Fulton, Franklin, Lancaster, Lebanon and York, and the southern portion of Dauphin county. In those regions there are reductions ranging from \$1 to \$8. The rates are higher for most commercial cars and range from a minimum of \$2 to a maximum of \$24. There are reductions in Philadelphia and Philadelphia suburban and Scranton and Carbon-dale.

Philadelphia Rate \$109

The class 1 rate in Philadelphia is now \$66 and class 2, \$109. Corresponding figures in Pittsburgh are \$51 and \$84. In Philadelphia the class 1 rate was \$59 and class 2 was \$97. In Pittsburgh the old rates were \$47 and \$77.

New auto third party rates became effective in the state of Washington Monday for private passenger cars. The cost of combined BI and PDL has increased from \$7 to \$22 and for commercial cars the increases range from \$6 to \$15.

In Seattle, the class 1 private passenger rate is now \$52 as against \$42 in the past, and class 2 is \$85 as compared with \$68.

Idaho Chairman Named

President Thomas Terrell has announced committee appointments for the Idaho Assn. of Insurance Agents.

The committee chairmen are: Contact, J. B. Holden, Caldwell; compensation contact, Ted Walrath, Orofino; legislative, Robert Campbell and Bob Brown, Boise; membership, Glen Marshall, Pocatello; driver and safety education, Tom Prescott, Jerome; constitution and by-laws, John Whitsell, Twin Falls, and Art Ensign, Hailey; state service, Fred Kopke, Boise; educational, Norris Benson, Coeur d'Alene; fire safety, C. O. Packham, Blackfoot; rural and small lines, Tom Prescott, Jerome; catastrophe, Thomas Terrell, Pocatello, and Harry Poulson, Boise; publicity and public relations, J. Oren Clark, Jr., Pocatello; finance, V. E. Graves, Caldwell.

Advance Franklin, Olsen

Paul W. Franklin has been promoted from secretary to president of New London County Mutual Fire. The company's by-laws have been changed to make the president the active executive officer. D. Leslie Olsen was named secretary.

Before joining the company in 1944 as assistant secretary, Mr. Franklin was president of the Case agency at Norwich. He became a director in 1947 and secretary two years later.

Mr. Olsen started in the business with Royal-Liverpool at New York City. He went with Glens Falls in 1941, serving as state agent in Connecticut and western Massachusetts before joining New London County Mutual last year.

Discuss New GBS Manual

Under sponsorship of Lamesa (Tex.) Insurance Exchange, 50 agents representing eight cities in that territory met for a discussion of the new GBS manual. M. L. Canfield, Home, Dallas, explained what had been done in the way of making the manual more easily usable by agents.

Denver Manager Is Held

A probation hearing has been set Dec. 8 for John Schubert, former Denver manager of Traders & General of Dallas, who pleaded guilty before District Judge Walsh to a charge of conspiracy

to obtain money by false pretenses. This was a scheme to approve padded charges for repair bills and charges are still pending against Roy W. Roll, president of Spot Auto Body Co. and Charles A. Moran, secretary of that firm. Witnesses were called against Schubert testifying that he approved an excessive bill for repairs and shared in a profit of \$148.

Harrington Suggests That Life Insurers Invest in Casualty Company Stocks

A suggestion that life companies help ease the automobile insurance capacity problem by investing in casualty company stocks was made by C. F. J. Harrington, former Massachusetts commissioner and now executive vice-president of National Assn. of Casualty & Surety Agents, in addressing Boston Board of Fire Underwriters.

He said the laws now permit life companies to invest in common stocks and that many companies have bought oil stocks and shares of other companies which appear more risky than sound casualty companies. He emphasized that he was not suggesting that the life companies enter the general insurance field, but said there are matters in which all classes of insurers have a common concern.



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Since 1865

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Searl Blames Rate Laws for Auto Market Stench

The thinness market for automobile insurance is traceable in a large measure to the effect of the all-industry rate regulation bills, according to William C. Searl, secretary of Auto-Owners of Lansing, who gave the presidential message at the convention of National Assn. of Independent Insurers at Chicago.

The independent companies prospered under the old system whereunder they had the right to make their own rates, classifications and policy forms. New and broader coverages were developed and policies and procedures were changed to meet the changing times. Rates were adjusted according to the economic necessities and competition brought about better service and broader coverages.

Rate Adjustments Too Slow

Under the present system of rate approval, he charged, rate changes cannot be made rapidly enough to keep up with the inflationary period. Although it was known for years that the excess limits tables were inadequate there was no increase in those rates until early this year. By the time statistics can be gotten to justify adequate rates, they are often out of date.

In this dilemma the companies have restricted underwriting to only the most profitable classes, and this has produced cries for relief for the under-age and over-age and others; also agitation for compulsory insurance and schemes which the public thinks will solve its problems but which those in the insurance business know will not.

It is a paradox, he charged, that after the Supreme Court declared insurance to be interstate commerce in order to prevent the insurers combining on rates and procedures, statutes were enacted which practically require such combinations. Under the present procedures, he declared, insurance is becoming an industry that is clearly monopolistic and this is not in the public interest. This was not the intention when these statutes were drafted.

In passing these laws he asked whether it was possible that "we were more intent on preserving a system which was started nearly 100 years ago and in a different age?"

He invited the members to give attention to the idea of amending some of these laws so that the public may be fully protected by free and open competition.

Wedding Rumor Premature

Although observers detect evidence of greater rapport between Multiple Location Service Office and National Service Org. in the multiple location field, there seems to be no basis for rumors that a wedding is in prospect in the early future.

Wortham Is Reelected

Gus S. Wortham, president of American General, was reelected chairman of the executive committee of Texas Insurance Advisory Assn. at the annual meeting at New York. Other officers also were reelected. The Shamrock Hotel at Houston was selected for the spring meeting April 20-22.

Markels London Speaker

A number of company and Lloyd's underwriters, guests at a gathering of more than 200 insurance officials called by a firm of Lloyds brokers, were shown at London preventive safety techniques and prompt claims handling methods used by American Fidelity & Casualty to reduce truck and bus accidents.

Irvin S. Markel, president who was accompanied by his father, Samuel A. Markel, founder and chairman, illustrated by means of slide films the fea-

tures of the safety program available to insured at no additional cost from Markel Service, safety engineering affiliate.

WOODHULL HAY, associate editor of the Weekly Underwriter, died at Chicago from injuries sustained in an automobile accident. He was attending the annual meeting of Life Insurance Agency Management Assn. and had been visiting friends on the south shore of Chicago. While being driven back to the hotel, another car crashed head-on into the car in which Mr. Hay was riding.

He graduated from Princeton and

from the law school of Columbia University and later attended Ecole des Sciences Politiques, Paris. After practicing law for several years at New York, he represented Ford Motor Co. for four years in India, Burma and Ceylon. He joined the Weekly Underwriter and 1938 and became editor of its life insurance department. He was recently elected president of National Assn. for Retarded Children, of which he was formerly secretary.

A. A. Knoepfle was elected president of Tygvets Assn., which is the 25-year club of Yorkshire. G. C. Senn is vice-president and I. Graefner is secretary.

Ill. W.C. 7.1% Rate Increase Filed

Workmen's compensation rate increases have been filed in Illinois, to become effective Dec. 1. An overall increase of 7.1% is specified, with 5.7% on the manufacturing classification and 8.8% on contracting. This is the first rate increase in Illinois in two years.

Anthony P. Stark, with Liberty Mutual since 1947 at Chicago and Milwaukee, has been appointed resident manager at Green Bay, Wis.

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Over Carl Watson's head you see the famous Markel Patrol Car Camera used to check over-the-road performance of our insured's drivers. The inset shows what the camera gets: including the exact photo of speed, distance and elapsed time as it happens. There are no arguments against this evi-

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Successful agents make Markel the greatest company of its kind in the world. Our agents are successful because Markel-Men like Carl Watson and hundreds of other safety engineers like him do a complete service job. MARKEL AGENTS HAVE NO SERVICING HEADACHES! They spend their time on profit-making production! Markel Service offers you a source of untapped profits in bus and truck insurance, if you are an alert career agent with an eye to the future. Write for details.

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- DAY AND NIGHT CLAIM SERVICE
- Effective accident-prevention program at no cost to insured, including:
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- LOWER PREMIUMS BASED ON LOSS EXPERIENCE
- RESEARCH PROGRAM ON SAFETY METHODS AND DEVICES
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- HIGHWAY DRIVER-CHECKS BY EXCLUSIVE CAMERA-EQUIPPED PATROL CARS
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NEWS OF FIELD MEN

Aetna Fire Appointments in Kansas and Missouri

Aetna Fire has appointed K. M. Bellows special agent in eastern Kansas, associated with State Agent I. H. Thomas in Topeka, and Don E. Arenz, assigned to St. Louis and St. Louis county, who will work with State Agent Crandall.

Mr. Bellows is a graduate of North Dakota State College and traveled North Dakota four years with the rain and hail department. He replaces C. B. Frazier, who resigned to enter a local agency. Mr. Arenz, who has been special agent in western Missouri, will take the place of Bernard Jacobs, who has accepted a position in another state.

Sterling, Wiseman Visit Northern New England Pond

Northern New England Blue Goose held its November meeting at Manchester, N. H. Sam Sterling of Winnipeg, most loyal grand gander, and Robert L. Wiseman of Washington, D. C., grand custodian, attended. Mr. Sterling spoke of the aims and purposes of the Blue Goose and presented a Canadian flag to the new pond which only recently received its charter at the grand nest meeting at Dallas.

Seven applications were voted on and will be initiated at the next meeting. The Christmas dance will be held Dec. 20.

Vocation Day Discussed

Plans for an early spring vocation day for members of Michigan Fire Underwriters Assn. were discussed by H. C. Pollock, New Hampshire, at the executive committee meeting at Jackson. The vocation day will be held on the campus of Michigan State College.

Presiding at the Jackson meeting was

Fred A. Krussman of North British. President George E. Kelly, Travelers, Secretary Frank E. Greene, National Fire, Assistant Secretary Mary Leahy and other members from Lansing, Grand Rapids and Detroit attended.

N. H. Group Splits Mo. Field, Murdock, Perkins in Charge

The New Hampshire group has divided its Missouri field, naming Robert Murdock, Jr., state agent in western Missouri with John J. Perkins continuing as state agent in the eastern part of the state.

Mr. Murdock, who will have headquarters in the Columbia National Bank building at Kansas City, at one time was a local agent at St. Louis and for several years has traveled the Missouri field for another company.

Mr. Perkins, with New Hampshire group for four years, will continue to have his office at St. Louis.

New Steel City Pond of Blue Goose Is Organized

The new Steel City pond of Blue Goose was organized at Pittsburgh with 38 charter members. Joseph J. McGann, Yorkshire, is a new most loyal gander. Other officers are: Supervisor, George R. Arrington, Norwich Union; custodian, Daniel B. Pastorius, Fire Association; guardian, James P. White, General Adjustment Bureau; keeper, Carroll E. James, U. S. F. & G., and welder, Joseph W. Knowland, Schmidt Surveys.

Joseph R. Knowland of Knowland & Thorpe, Philadelphia, a past most loyal grand gander, was the speaker.

Lewis N. J. Field Speaker

S. Gage Lewis, assistant manager Fire Insurance Rating Org. of New Jersey, will discuss the one-write policy, which

shortly will be available to agents in that state, at the Nov. 24 luncheon meeting at Newark of New Jersey Fieldmen's Assn. Mr. Lewis will ask the cooperation of field men to get the change effected smoothly.

Nat'l Union Names Siddall in Mo. and Barr in Kan.

James S. Siddall has been appointed state agent of National Union for western Missouri, succeeding Robert Murdock, Jr. He has been with Security of New Haven.

G. Don Barr is appointed special agent for Kansas, associated with State Agent H. R. Joyce, at Wichita. He has had several years' experience as an underwriter and special agent. After more than three years in the air force, he attended Missouri University. He has been with Maryland Casualty. His father is Paul Barr, western manager of Hanover.

S. N. Olness Is New Great American S. D. State Agent

Sterling N. Olness has been appointed South Dakota state agent for Great American. He succeeds Earl C. Roberts, who is retiring under the company's retirement plan. The latter started with Great American in 1929 in the hail department and has been South Dakota state agent since 1939. Mr. Olness has been traveling with him for the past year.

John H. Byers, special agent, has been transferred from Chicago to the Michigan department of Great American to engage in marine production.

Farne Named at Charleston

Scottish Union & National has appointed William H. Farne special agent in southern West Virginia and southeastern Ohio, with headquarters at Charleston, W. Va.

He is a graduate of University of West Virginia, an army veteran, and has had local agency experience.

Jacobs to American in Iowa

American has appointed Bernard Jacobs as special agent in Iowa, replacing W. D. Miller who resigned some time ago. He has had Iowa field experience.

Jackson Puddle Initiates

Jerre Ewalt of Western Adjustment at Jackson was initiated into the Jackson Puddle of Michigan Blue Goose at its monthly meeting. Forty-five members from Ann Arbor, Detroit, Grand Rapids and Lansing attended.

Harold F. Large, Michigan Inspection Bureau, presided, and John G. Sharpe was toastmaster.

Inspect Greenville, Ala.

Alabama Fieldmen's Assn. was inspecting Greenville Nov. 20. It is sponsored locally by the Greenville Rotary Club and Chamber of Commerce. About 45 field men will participate. The inspection will be under the general direction of George W. Foote, Great American, chairman fire prevention committee.

Beresford Kan. Special Agt.

Phoenix-London group has appointed Paul M. Beresford special agent for Kansas under Harry W. Hoffman, manager of the midwest branch office at Lawrence, Kan.

Inspect Garrison, N. D.

North Dakota Fire Prevention Assn. inspected Garrison Nov. 10 with 16 members participating. Phillip Kraus, Springfield F.&M., showed a film, "Fire on the Farm," at a public banquet in the school gymnasium. Vance Anderson, deputy state fire marshal, and Gilbert Malek, fire chief at Minot, N. D.,

New La. Officers



Prominent figures at annual convention of Louisiana Field Men's Assn. at New Orleans: Standing, Sam G. Peters, London & Lancashire, vice-president; Frank J. Graff of Henry A. Steckler Co., new secretary; Emmett A. Herring, Sr., of Hammond, president of Louisiana Assn. of Insurance Agents. Seated: A. P. Cunningham, Jr., secretary of Audubon Ins. Co. Baton Rouge, the retiring president, and James J. Howe, special agent A. H. Turner, manager, of Atlanta, the new president.

also spoke. The films were also shown to school children, the attendance at these gatherings being about 700.

Move Barrett to Baltimore

The St. Paul companies have appointed Richard W. Barrett special agent for Maryland, Delaware and District of Columbia.

He was with the companies for many years at the home office and has been special agent in Pennsylvania since 1946. He will make his headquarters at Baltimore, working under State Agent John T. Nichols.

Nearly 100 field men participated when New Jersey Fire Prevention Assn. inspected Collingswood Nov. 18.

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Buckeye Club of Chicago Sets Jan. 20 for Its Reunion

The annual meeting of Buckeye Club of Chicago will be held at the Bismarck hotel Jan. 20, it was decided at a luncheon meeting of the officers presided over by Herman P. Winter, assistant secretary of America Fore, the president.

This is the organization of Chicago fire and casualty insurance people that at one time or another did a stint in Ohio. A special effort will be made this year to get some Ohio emigres, who are now located in the east, to be on hand as special guests and plans were also discussed for inviting some distinguished Ohioans who have never forsaken the health, to make the journey to Chicago and receive their accolades.

The Chicago environs are going to be combed thoroughly to be sure that no man that is eligible for membership is overlooked.

N. C. Groups Reelect

RALEIGH, N. C.—Compensation Rating & Inspection Bureau of North Carolina, North Carolina Automobile Rate Administrative Office and North Carolina automobile assigned risk plan all reelected managing officials and governing board members at their annual meetings.

Lumbermens Mutual Casualty and Maryland Casualty were reelected by the compensation bureau; General Accident, Maryland Casualty, Travelers, U. S. F. & G., American Mutual Liability, Liberty Mutual, Lumbermens Mutual and Shelby Mutual Casualty by the auto rate office, and Travelers, Liberty Mutual, Bituminous Casualty and Shelby Mutual to the assigned risk board.

Cal. Buyers Hear Marley

Denzil F. Marley, Johnson & Higgins of California, discussed the "Economic Aspects of Retrospective Rating of Workmen's Compensation and Public Liability Insurance" before the northern California chapter of National Insurance Buyers Assn.

Thomas Thompson to Retire

Thomas Thompson, manager of the compensation and liability department of Ocean Accident and Columbia Casualty, will retire on pension Dec. 31.

His retirement will terminate nearly 46 years with these companies. For many years an authority on compensation and liability, Mr. Thompson was transferred from the Glasgow offices to the United States in 1914.

Mr. Thompson will be replaced by William J. Allen, who has been with the companies 28 years.

Bowden Joins Home Office

RICHMOND, VA.—John P. Bowden has been promoted to the home office underwriting staff here of Markel Service.

Since his graduation from University of Richmond in 1936, Mr. Bowden has

been with Markel Service as field engineer and supervisor of safety engineering in the southeast and the New York area. His most recent position with Markel was as assistant manager at New York.

Daniel Leaves Insurance

Walter F. Daniel has left the service of Norwich Union as state agent for Oklahoma and Kansas. He has gone into the filling station business in and around Oklahoma City. He had been with Norwich Union since 1949.

McCarthy Leaves Security

Bernard S. McCarthy has resigned as state agent of the Security group to go with the E. W. Shaw Co. of Denver as state agent for Colorado, Wyoming and New Mexico.

Forum Hears Gloss, Wrenn

Insurance Forum of San Francisco heard a discussion on "Valuable Papers and Accounts Receivable Insurance" by R. C. Gloss, assistant manager of Phoenix of Hartford, and Albert C. Wrenn, superintendent of casualty business for the St. Paul group.

Marshall Auto Club Director

Clyde M. Marshall, vice-president of Aetna Fire in charge of the Pacific Coast, has been elected a director of National Automobile Club to fill the vacancy caused by the retirement of Clarence E. Allan, formerly coast manager of Northern Assurance.

Branch Gets Two Companies

Eagle Fire of New York and Provident Fire have appointed W. W. Branch Co., Birmingham, as general agent for the entire state of Alabama. Both were formerly with Boykin-Branch general agency of Birmingham.

Write Builders Risk as Surplus

The Washington department has approved writing all-risk builders risk coverages as a surplus line. Such placement has been prohibited.

Johnson on Job with Leonhart

Homer J. Johnson is now on the job as a special field man for W. Harold Leonhart & Co., Baltimore, handling reinsurance, Lloyds and excess. He formerly was with George F. Brown & Co., Chicago.

NEWS BRIEFS

An open house was held Tuesday for agent of the H. C. Bailey agency, prominent representative of mutual companies at Jackson, Miss.

Guy Bailey has been appointed man-inspection of the new home office building of Tri-State Mutual Grain Dealers Fire at Luverne, Minn. This is a one-story brick building with full basement and embodies the latest in design. W. E. Norelius is the executive officer and secretary.

F. S. Green has been appointed manager of claims for all of southern California for United Pacific, and has been elected assistant secretary. At the same time, Paul W. Youngers, the claims manager for northern California, was also elected assistant secretary.

Lawrence A. Treder, New York Life, McPherson, Kan., who has also been in the fire and casualty business there, has become insurance manager of George Kaufman Co. of Salina, Kan. He is a graduate of McPherson College and is a veteran of the last war and of the Korean war.

More than 200 attended a banquet at Fort Wayne, Ind., celebrating the 35th anniversary of Brotherhood Mutual Fire and honoring its founder and executive secretary, Albert Neuenschwander, on his 70th birthday.



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Morrissey Takes Wisconsin Helm

ALL SIDES REPRESENTED

Auto Panel Is Feature at Wisconsin Agents Convention

MILWAUKEE — One of the highlights of the Wisconsin Assn. of Insurance Agents annual convention here was a panel discussion at which the various approaches to the automobile insurance problem were given.

The companies' point of view was given by Roy L. Davis, midwest manager of Assn. of Casualty & Surety Companies; the rating bureau's position by William H. Brewster, automobile division manager of National Bureau of Casualty Underwriters; the agent's view by Ray H. Kenady, South Bend; the position of Wisconsin assigned risk plan by E. W. Kraus, its manager; and Stewart H. Struck, research director of Wisconsin motor vehicle accidents committee, presented the public's approach.

Because the inflationary spiral has greatly affected automobile insurance rates, the good local agent will face the problem through better salesmanship and by continually preaching safety, Mr. Kenady remarked. Some agents, and some companies, have taken the position that because premiums are high, they should concentrate sales efforts in other lines and no longer worry about helping their clients place their automobile insurance, he stated.

"If we do this," Mr. Kenady continued, "there may be the possibility of making a few dollars in some other line of insurance, but what will happen to the future? If we abandon automom-

bile insurance as it is now being cast aside due to so much negative thinking, then we are hastening the day when state funds will be established, and when the state will follow by writing other forms of insurance."

Mr. Brewster mentioned that since 1946 stock companies have suffered a countrywide underwriting loss of more than \$200 million in writing automobile liability insurance, \$100 million of this in 1951 alone. He reviewed the background of the rate situation, noting that in 1942 private passenger BI rates were reduced solely on judgment by 35.7% and, after wartime restrictions were lifted in 1945, the rate level was returned only halfway to the pre-war level. Further rate increases were made, and it finally became necessary to supplement the usual policy year experience with calendar loss ratio data to bring the indications up to the cost and frequency level of the period immediately preceding the date of the rate revision, and also by average claim cost statistics by state in order to accomplish a realistic approach to new rates which will apply to policies effective in 1953 and 1954.

When considered in the light of other prices, automobile liability rates are moderate, Mr. Brewster said. He emphasized, however, the importance of agents bringing home to policyholders the frightful costs of automobile acci-



Pictured at the Wisconsin Assn. of Insurance Agents convention at Milwaukee: Seated, Orville S. Morse, Janesville, who served the association as president in 1907-1909 and was secretary in 1899, and Harry E. King, Calumet, Mich., a past president of the Upper Peninsula association; standing: J. L. Ashton, Milwaukee, the new state national director, and Urban Krier, executive secretary.

dents. With that cooperation, insurance will "weather the storm" and the automobile liability business will again be profitable.

Mr. Davis commented there are signs that the public is beginning to realize that motor vehicle accidents are their concern, affecting their lives, their property and their pocket book.

"In Wisconsin," Mr. Davis said, "the interim legislative committee on motor vehicle accidents studied the problem, with the Wisconsin association and other segments of the industry participating. The No. 1 recommendation was 'enforcement,' reduction of speed on the highways, strengthening the present financial responsibility statute and other corrective legislation aimed to reduce accidents. Insurance has a responsibility to help carry out these recommendations."

It is up to the insurance business to show leadership in making the public highway safety-conscious if the demand for compulsory automobile insurance legislation is to be lessened, according to Mr. Struck. He said that insureds expect other drivers to carry liability insurance, with compulsory insurance

(CONTINUED ON PAGE 17)

Appleton Agent Succeeds Timm at Milwaukee Annual

Auto Problem Is Single Theme, New Attendance Mark Set

By CHARLES C. CLARKE

MILWAUKEE—Agents of the state evinced their tremendous interest in finding ways to improve the automobile insurance market by turning out in the largest number ever for the annual convention here of Wisconsin Assn. of Insurance Agents. The program, which had "Insuring Your Automobile Business" as its single theme, attracted a banquet attendance of about 750, and the 650 registrants kept the business session rooms packed.

Don R. Morrissey, Appleton, was elected president to succeed George A.



Don R. Morrissey, Appleton, the new president of Wisconsin Assn. of Insurance Agents, and his predecessor, George A. Timm, Kenosha.

Timm, Kenosha, who becomes chairman.

The new vice-president is Dwight H. Teas, Wisconsin Rapids; J. L. Ashton, Milwaukee, was named state national director; Matthew P. Zendzian, Milwaukee, was reelected secretary-treasurer, and Urban Krier continues as executive-secretary.

List New Directors

New directors are Paul E. Holden, Superior; John Freisinger, La Crosse; D. C. Pisha, Sturgeon Bay, and John Batenburgh, Racine.

Prior to their dinner conference Wednesday for local board officers, there was a cocktail party with Walter Schroeder, president of the Chris Schroeder & Sons agency, Milwaukee, and of Schroeder hotels, as host. Speaker was Emerson H. Westwick, field representative of Assn. of Casualty & Surety Companies, Chicago, who described the new psycho-physical driver testing equipment available to local associations. The equipment was used in the driver-testing clinic conducted by Mr. Westwick during the meeting.

The general meeting opened Thursday with a showing of the new Western Underwriters Assn. film, "I Take Risks."

Mr. Timm in his presidential address previewed some of the association's principal legislative aims for 1953. It plans to back the Wisconsin motor vehicle department proposals designed

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Commissioner Lange, left, and John H. Carney, Eau Claire, an executive committee man of N.A.I.A., at the Wisconsin agents Milwaukee convention.

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members must hold licenses issued by the commissioner, instead of only the certificates of authority issued by the companies. The latter resolution was made necessary on an agents license law change in the last legislature.

Speakers that afternoon were Mr. Westwick, Bernard L. Garmire, chief of police at Eau Claire, and John N. Cosgrove, secretary of American.

"Insurance rates can be reduced only by reducing the number and the cost of settling claims against the companies," Mr. Westwick said. Instead of making the slight gains in traffic accident frequency which are claimed by some statistical departments, he pointed out that "new studies tend to prove that the trend is still upward and we are losing the game of traffic accident prevention."

State Measures Insufficient

"Although the responsibility for prevention of traffic accidents is primarily that of the state, the efforts to date have not been sufficient to control the problem and other agencies must step into the picture," he said. He urged agents to take the lead in establishing a state-wide accident prevention program, and to lend their support to any laws needed to solve the problem.

Chief Garmire gave facts and figures substantiating his contention that Wisconsin needs a state police system if it is to reduce highway accidents. He said Wisconsin has as many or more rural law enforcement officers than practically any other state. However, he went on, there is practically no coordination or training which is reflected by the state's increased traffic death rate.

"Perfect company men and perfect agents are not too numerous," Mr. Cosgrove observed. "Instead of wasting time looking for perfection we might well rejoice at the constantly growing number of competent and well intentioned producers and company men who are trying to co-operate in providing the public with quality insurance protection. To truly appreciate your accomplishments, consider what would be the result if politicians performed the numerous services agents discharge daily."

Reviews Agent Services

Using a visual demonstration, Mr. Cosgrove presented a factual review of the services of a professional agent, analyzing the sale of a personal account of insurance. Producers not only survey and analyze protection needs, they also service as well as sell, help when loss occurs, help prevent losses and contribute to the welfare of their communities. He gave examples illustrating these points.

At the banquet that evening, which was followed by an excellent floor show and dance, Roger Sippel of Eden, was awarded the association's \$50 government bond for winner of the fire prevention poster contest. Harry Solberg, Madison, winner of the association's annual insurance scholarship at the University of Wisconsin, also was introduced.

Friday's session was opened by another film, "Juvenile Traffic Attitude School," produced by Arizona Assn. of Insurance Agents. The automobile insurance panel, reported elsewhere, followed.

The closing luncheon, addressed by Walter M. Sheldon, Chicago, president of N.A.I.A., was in honor of Commissioner John R. Lange, who spoke briefly.

Hear N.A.I.A. President

Mr. Sheldon said many state officials have gone beyond the intent of public law 15 and subsequent rate regulatory bills enacted at state level, in their efforts to regulate the business in their respective states.

He said that the continuing infiltration of government into the insurance business, both in Washington and in most states, "has been a serious threat to all of us. I am convinced that we now have the opportunity that we have been waiting for some years to return to private industry that part of the in-



Shown at the Wisconsin agents' meeting at Milwaukee: From left, Robert M. Freer, state agent of St. Paul F. & M.; L. L. Riley, Winneconne; Don C. Hawkins, secretary of the St. Paul companies, and John Bird, Milwaukee.

insurance business that is now in government hands."

"We must also be ready," he added, "to assist our leaders in their endeavors to change the thinking of some government officials from more control of the insurance business to that of supervision."

The public has confidence in the insurance producers of this country to cover their risks without getting a written receipt or even reading the insurance policy, Mr. Sheldon observed. Companies place this same confidence by permitting agents to commit them to thousands of dollars of potential liability. In recognition of this confidence, the vast majority of agents are making a sincere effort to better agents, to have a better knowledge of their own business and a better knowledge of their companies' problems, and the insurance problems of their policyholders. He said that they thereby become better equipped to serve the public.

Mr. Sheldon said that one of the most important activities of the agents should be devoted to a study of all new legislation affecting the business. He urged constant alertness to legislative matters, whether this applying to agents or companies.

Auto Panel Featured at Wisc. Agents' Convention

(CONTINUED FROM PAGE 12)

sometimes appearing the most direct means available to achieve this goal. Whenever an insured motorist is injured by a financially irresponsible uninsured motorist, his demand for compulsory insurance often takes the form of legislative pressure. Until safe drivers demand that effective control and enforcement be exercised over the others, no abatement can be expected in the rising cost of automobile insurance, he concluded.

Mr. Kraus briefly reviewed the assigned risk plan's history, and made several suggestions to better handle such risks. He advised being thoroughly familiar with the plan, and to be sure that the applicant is in good faith entitled to insurance. Besides complete and truthful applications, there never should be optimistic premium quotations, or discontinuance of agent services after the assignment has been completed. The applicant also should be made to understand that both the company and the agent will do all possible to help him again obtain direct coverage.

Mr. Kraus said the youthful driver supplement plan, under which companies that directly accept class 2 auto risks build up a credit and are assigned that many fewer under age 25 drivers, already is being used by about one third of the Wisconsin companies. One com-

pany, he said, has written enough class 2 business directly so that it will not receive any more such assignments until the end of the year.

He represented this as a good public relations innovation, as many young drivers who basically are good risks feel ill toward insurance when they are automatically classed with those persons considered the worst type of risk.

Seek to Rescind Pro Rata Cancellation Rule in Tex.

Fire Commissioner Brown of Texas is holding a hearing Dec. 1 on the protest of Houston agents against the new rules where under pro rata cancellation can be effected on fire and EC to accomplish a savings so long as the new policy is written for a term as long as the original policy in the same company and agency, and for the same amount as the old policy. A rate reduction is anticipated for the sea coast early next year, and the Houston agents fear a program of cancellation and rewriting that would eventuate in a common expiration date for a great deal of their business. Under the old rules, with certain exceptions, when the policy was canceled by an assured, the short rate charges applied and one canceled by the insurer was on a pro rata basis.

Texas System Unique

According to the Houston agents, the experience modifier system in the Texas rating procedure is unique and short rate is the only protection for the insured or the agent.

A Houston delegation visited Mr. Brown in October and there was subsequently a meeting with the directors of Texas Assn. of Insurance Agents. Leaders in Texas Assn. of Insurance Agents are meeting at Ft. Worth this week to establish the position that this organization will take on the matter.

Three Gopher 1752 Clinics

More than 200 local agents and field men attended agents' educational clinics sponsored by Gopher 1752 Club and Minnesota Assn. of Mutual Underwriters at Crookston, Fergus Falls, and St. Cloud.

J. C. Jordan, vice-president of Minnesota Farmers Mutual, was in charge of the program, which featured selling as its theme. Other speakers were Oscar Nygaard, Implement Dealers Mutual Fire; Arthur C. Anderson, St. Paul Mutual Fire; Arthur Taylor, Dick Olofson and Lyle Clark, secretary Minnesota Assn. of Mutual Underwriters.

At St. Cloud John O. Louis, public relations counsellor from Minneapolis, dramatically brought home to agents the need for good public relations in all business dealings.

B.M.A. Publishes Book

A series of 116 articles regarding prominent Kansas Citians has been published by Business Men's Assurance. Free copies of the book are sent to nearly 1,000 schools and libraries in Missouri and Kansas.

Prominent Kansas City insurance executives included in the series are W. T. Grant, chairman, and J. C. Higdon, president of Business Men's Assurance; W. E. Bixby, president Kansas City Life; Morton T. Jones, president Kansas City Fire & Marine.



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Lively Forum Held at Kentucky Meeting

(CONTINUED FROM PAGE 8)

since the insured would then have the advantage of automatic coverage on any new location. In connection with proposals for automobile liability merit rating, Mr. Brown said that any such plan would be of psychological benefit but of little or no financial benefit to drivers entitled to the merit rate, since basic rates would have to be increased to make the net premium income the same as it is now. In answer to another question, he said he does not think any company is rejecting commissioned officers and other people in the Armed Services whom they would accept if they were civilians.

In answer to a question about the coverage of inventory shortages under fidelity bonds, Mr. Brown said they are covered if they can be proved to have been caused by dishonesty of employees,

but a high proportion of inventory shortages are not so caused. Every merchant knows that a certain amount of shortage is due to error, misplacement, mispricing, shoplifting, etc. He added that some authorities claim that once a loss of this type can be established as having been caused by a dishonest employee it ceases to be an inventory shortage and becomes an embezzlement.

Motor Cargo Limits

Mr. Jerome discussed the problem of high limits for motor cargo risks. He said that present inflated values of cargoes and the increased capacity of the newest type trailers have legitimately increased the needed limits and the situation is further complicated by the fact that many trucking firms want

limits of \$200,000 or \$300,000 per trailer to impress prospective customers with their size and stability. Even though part of the desired limit is thus for advertising purposes, an underwriter cannot assume this and must treat the application as though a loss of that size could occur. This means getting expensive excess reinsurance and, consequently, charging the insured a higher receipts rate. On the matter of bailees' coverages, Mr. Jerome said that while there is a limited market for all risks coverage, practically all American insurers have stuck to named perils protection. There is a certain amount of trade loss in all bailee businesses, and named perils protection has proved much more satisfactory in providing the coverage against the major exposures and eliminating trade loss cover.

The mobile agricultural floater and livestock floater have been very profitable and desirable business so far, Mr. Jerome said, but contractors equipment business, previously profitable, is getting sour because of competition. There is a growing demand for a full automatic reinstatement provision in the personal property floater similar to that in fire forms, and the matter is under study now. Mr. Jerome and W. E. Clark, superintendent audit department of Kentucky Inspection Bureau, got into an animated discussion of covering strip mining equipment, particularly as to just what may be covered under an inland marine form in Kentucky. Mr. Clark criticized the fact that certain properties, mentioning horses and wagons in addition to mining equipment, are insurable by two or more different sides of the business, with rates often differing for apparently similar cover. Mr. Jerome said that experience on strip mining equipment is not segregated, being lumped with contractors equipment, but most insurers do not think it is favorable.

Garage Liability

Mr. Horton answered a number of questions on automobile liability and garage liability insurance, and he and Mr. Brown tangled over whether a partnership could be held liable for damage to an automobile owned individually by a partner, although they agreed that the liability policy covering the partnership would provide coverage in a case such as this, if the partner's automobile were not in charge of the partnership at the time of the accident. He pointed out that coverage D of the garage liability policy, although entitled "Property in Charge of Named Insured," actually covers liability for collision damage only, and that insurance against liability for damage to automobiles of customers by fire or theft is obtainable under the garage keepers legal liability policy, a fire coverage.

Asked about when loading and unloading coverage under automobile liability policies begins and ends, Mr. Horton, with Mr. O'Connor concurring, said that the courts of different states have adopted various rules, but no rule provides a clear-cut answer in every individual case and the only way to stay out of trouble is to write all liability insurance in the same insurer. Mr. Horton said there is nothing more disheartening to an adjuster than to see an insured who has paid for and actually has adequate liability insurance waiting helplessly while two companies argue.

Agents Should Aim for More U.O. Business, Dekker Says

(CONTINUED FROM PAGE 6)

loss causing failure to meet contract obligations which automatically cancels this contract, and loss of customers who do not return.

Mr. Childs' question on how to determine values was answered when Mr. Dekker told of 2 formulas available for the small risk and the analysis of the operating statement for the larger risk.

Mr. Dekker answered Mr. Crosby's question concerning the amount of co-insurance by stating that 50% co-insur-

ance will usually cover for nine months, and 80% co-insurance will usually cover for 14 months.

A.M.A. Parley Draws Attendance of 700

(CONTINUED FROM PAGE 4)

engineers or accounting departments as a rule usually have not been sufficiently concise on buildings. Too often a square or cubic foot unit price is used. Determination of value of buildings must be itemized by trade. Since the last war, there has been a decided change in construction costs as a certain trade compares to another in the increased cost. Even in a certain type of stock, values sometimes vary considerably, even in a 30 day period. Current replacement costs are needed as a basis before depreciation. Usually, where insured rely on accounting records, the value of many items that are charged to expense are omitted and not included in the value calculations for insurance.

Service Appraisal an Accommodation

The appraisal service by a company is strictly an accommodation to the buyer and agent. Here again, usually their representative must resort to square or cubic foot calculations as a basis for replacement cost. This type of calculation does not give an accurate basis for determining value.

A survey report, properly detailed, by an independent contractor is in many ways similar to that used by the appraisal companies, but it is only fair to state that their prime function is to build—not to evaluate.

Fred S. James & Co. for the first time dispensed hospitality at this meeting. A hospitality suite was maintained throughout the period of the convention, and was a popular meeting place. It was in charge of Rush C. Butler, vice-president, and Glenn O. Rearick, sales manager.

During the time of the conference a number of insurance buyers of corporations with extensive foreign interest got together for a session at the Union League Club. These included representatives of Minnesota Mining & Manufacturing Co., Parke-Davis Co., Reynolds Metals, Proctor & Gamble, Arabian American Oil Co.

Parties are Jammed

Increasing attendance at the insurance section meeting of American Management Assn. has put a strain on the entertainment facilities of the Drake Hotel. Marsh & McLennan and Rollins Burdick Hunter conducted their traditional parties, and they were packed, and Fred S. James & Co. was host to an overflow crowd.

M. & M. and R.H.B. go all out for the buyers. Representatives from many of the offices across the country of Marsh & McLennan were helping out as hosts for their organization. The room in which this party was held was completely filled. Rollins Burdick Hunter conducted its festivities in the ballroom, and even there space was at a premium. Herbert J. Lorber, president of R.B.H., greeted nearly all the visitors. More than 200 buyers were treated to cocktails, dinner and entertainment.

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CASUALTY UNDERWRITER WANTED

For Cleveland branch office of rapidly expanding nation-wide organization. Unlimited opportunity for qualified individual. Salary commensurate with ability. Immediate opening. Please give history and salary desired. All replies confidential. Address P-10, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

FIDELITY—SURETY OPPORTUNITY

Large multiple line Bureau company desires services of an experienced Fidelity and Surety Underwriter as department assistant in Los Angeles. All replies will be kept confidential. Address P-11, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED STATE AGENT — IOWA

Prominent multiple line fleet with established agency plant wants a fire man with Iowa background. Excellent opportunity with this rapidly expanding group. Salary commensurate with experience and ability. Company executive will be in Des Moines, Iowa the week of November 16 to interview applicants. Write giving qualifications. Our employees know of this ad. Address N-91, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

MANAGER BROKERAGE DEPARTMENT

Excellent opportunity for a man with brokerage and general cover background to establish himself with a prominent multiple line group. Write giving experience, etc. Our employees have been informed of this ad. Address N-90, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

POSITION WANTED

In loss supervisory capacity. Qualified in fire, inland marine, auto. Knowledge of casualty. Twenty years experience includes supervisory work in field (multiple line), adjusting, loss department. Dry climate preferable (for family) but not necessary. Address P-14, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED STATE AGENT — ILLINOIS

Excellent opportunity for experienced fire man to supervise well established agency plant in Northern Illinois for leading stock company. Write giving qualifications. Inquiry will be kept confidential. Address P-15, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED ADJUSTER

for established independent adjusting company. Some inland marine experience. All replies confidential. Our employees know of this ad. Excellent opportunity. Address P-17, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

EXPERIENCED SPECIAL AGENT

needed in Florida by multiple line insurance company operating nationally. Should have some background in multiple line and must be thoroughly experienced in fire. Address DEF, National Underwriter, 99 John St., New York 38, New York.

EXCELLENT OPPORTUNITY

Our rapidly expanding Reinsurance Department requires the services of full time manager. We are willing to train a man to supervise this operation which, in our opinion, presents an extremely fine potential future. If you have a good basic insurance knowledge and want promotion opportunities, call or write Mr. Biegler, Geo. F. Brown & Sons, 175 W. Jackson Blvd., Chicago, Wabash 2-4280.

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MARINE NEWS

C. C. Goddard L. A. Manager

C. Convers Goddard has been appointed manager of the ocean and inland marine department of Chubb & Son at Los Angeles.

Following service in the navy, Mr. Goddard joined Chubb & Son in 1946 in the home office in New York. In 1948 he was named ocean and inland marine underwriter in the Pacific department, San Francisco.

For the past three years he has instructed and conducted seminars at Golden Gate College.

Mahon Made Newark Mgr.

Employers group has appointed W. Bert Mahon manager of the marine department in the northern New Jersey office at Newark. He has been in the insurance business for almost 18 years, specializing mostly in inland marine.

Seide to Speak at Boston

Jack Seide, president of Babaco Alarm Systems, will speak on the "Increase in Crime from the Viewpoint of Package and Truck Cargo Theft Losses" at the Nov. 24 luncheon meeting of Mariners Club of Boston.

Parker Rudder Club Chief

Capt. Harry J. Parker, chief surveyor of New York Board (Marine) Underwriters, has been elected commodore of the Rudder Club for 1953. Harry J. McCahan of the same organization was named a rear commodore. Captain Parker has been chief surveyor of the board since 1944 and is scheduled soon to assume a similar position with National Cargo Bureau, Inc., a nationwide organization formed to take over cargo inspection for the board.

J. M. Grimsley of Girard Trust Corn Exchange Bank gave a talk on conditions in HongKong and the Philippines at the luncheon meeting of Mariners Club of Philadelphia.

CHICAGO

C. W. SCHIRMER TO HENDRICKS CO.

Chester W. Schirmer, son of R. W. Schirmer, president of Hendricks Engineering Corp., has become associated with the corporation as a fire protection engineer. He will operate out of the Chicago office.

Mr. Schirmer is a graduate fire protection engineer from Illinois Institute of Technology and served two years with Missouri Inspection Bureau, before being commissioned in the navy. He has just returned from 21 months of active duty in Korean waters.

TO DISCUSS INSURANCE HIRING

Assn. of Fire Insurance Examiners, at its "Manager's Night" will hear an address on psychological considerations in choosing insurance employees. The speaker will be George S. Speer, professor and director of the institute for psychological services of Illinois Institute of Technology.

KARL KUNATH GIVES AUTO TALK

Karl Kunath of National Fire gave a talk at the luncheon meeting Tuesday of Automobile Superintendents Club of Chicago on the automobile garage liability policy.

FORM F. P. ENGINEERS CONFERENCE

Chicago Conference of Fire Protection Engineers has been organized with J. T. W. Babcock as temporary chairman and will apply immediately for a charter from National Society of Fire Protection Engineers. It is expected that this charter will be granted this spring. All those eligible, joining before Jan. 1 will be considered charter members. The annual meeting and election of officers will be held in January.

At the December meeting the top of discussion will be "Water Spray as Applying to Fire Protection." This discussion will be directed by O. L. Robinson, director of the hydraulics division of Underwriters Laboratories.

Honor Smith, Stone & Snyder

Lloyd J. Goulet, manager at Kansas City, and Victor Moellering, Kansas state agent of Standard Accident, honored the Smith, Stone & Snyder agency, Wichita, with a dinner in recognition of 45 years' continuous representation. G. W. Smith, father of Dwight Smith, present head of the agency, was first appointed in 1907 for A. & H. and soon became a leader in that field. Dwight Smith entered the agency in 1919 following graduation from Kansas University and a year later took it over but continued to operate as G. W. Smith & Son until 1923, when the Stone, Hatton Snyder agency was purchased and the name changed to Smith, Stone & Snyder, Howard Snyder becoming an active partner. A son-in-law of Mr. Snyder, R. E. Lindstrom, formerly with Central States Fire, is now a firm member as are Morris D. McCready, former

Wichita general agent of Massachusetts Mutual Life, and Deane Myer, former claim examiner for Business Men's Assurance at Wichita.

Pittsburgh Agents Sponsor Move for Safety Committee

Pittsburgh Assn. of Insurance Agents and Insurance Club of Pittsburgh are co-sponsors of an all-industry luncheon safety meeting to be held Nov. 24 to set up a safety committee for Pittsburgh and Allegheny county.

Speaker will be Paul H. Blaisdell, director of the public safety division of National Assn. of Casualty & Surety Companies. Supt. James W. Slusser of the Pittsburgh police department, Supt. Walter Ketchell of the Allegheny county police, Magistrates John Donahue and Jules Strba of Pittsburgh traffic court and representatives of most of the important organizations in the city and county will attend.

Henry C. Little Retires

Henry C. Little, secretary-treasurer of Excelsior of Syracuse, has retired. Miss Mildred T. Linn and Robert E. Miller

will succeed Little as secretary and treasurer, respectively.

Mr. Little was honored at a dinner attended by directors, officers and the home office staff.

Arthur Hoffman Promoted

Fire Association has elected Arthur L. Hoffman assistant treasurer. He attended University of Pennsylvania and was an accountant with Equitable Society before joining Fire Association in 1942 as a tax accountant.

Ark. 1752 Club Organized

Arkansas 1752 Club was organized at a meeting held at Little Rock. Wayne Grissom, Western Millers Mutual, and Allan H. Glatt, Fidelity Mutual, were elected president and secretary, respectively.

The club made plans to hold a meeting at Little Rock in December, at which the constitution and by-laws will be adopted. Dates will be established for holding agents' clinics in various Arkansas cities, beginning early in 1953.

Joseph H. Becker, a Peru, Ind., local agent, has been named a member of the school board there.

"Prudential's LIFE DEPARTMENT plan makes LIFE selling easier for me"



Morton Lachs (left) of Sternback & Lachs, Rockaway Park, New York, presents a Life plan to one of his clients with the help of a Prudential Life Specialist.

"I'm a general insurance man. I used to sell very little life insurance. But now whenever I get a chance to sell LIFE to a regular client, I first make an appointment. Then I phone my Prudential Agency. Their Life specialist makes the sales call with me as my LIFE DEPARTMENT. I get all the commissions."

It's as easy as that. Let Prudential serve as your LIFE DEPARTMENT. We'll make it easy for you to sell Life along with your regular business.

For details about Prudential's LIFE DEPARTMENT plan, call your nearest Prudential Ordinary Agency or . . .

MAIL THIS COUPON ▶

THE PRUDENTIAL
INSURANCE COMPANY OF AMERICA

A mutual life insurance company

Home Office: Newark, N. J.
Canadian Head Office,
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Southwestern Home Office,
Houston, Texas
Western Home Office,
Los Angeles, Calif.

To: BROKERAGE SERVICE
The Prudential, Newark, N. J.

I want to know more about Prudential's LIFE DEPARTMENT plan and how it will make LIFE sales easier for me.

NAME

ADDRESS

PHONE

EDITORIAL COMMENT

Possible Solution for a Knotty Problem

The plan for providing comprehensive diagnostic service for the great middle-income group of patients which Dr. Louis Berger of Brooklyn is advocating as president of the Kings County Medical Society may well have important implications for the insurance business as well as the medical profession. Under this plan patients unable to afford the cost of such diagnostic techniques and yet not in the charity-patient class would be referred to the diagnostic laboratory which the county medical society would set up. The several thousand general practitioners and specialists comprising the society would be available to handle such referred cases, each doctor serving a relatively short stint.

The problem of the middle-income pension but even so there would be expenses that would presumably exceed what the patients paid, the difference being made up by contributions from employers, the doctors, and other public-spirited members of the community.

The reason for considering the plan of potential importance is that it opens the way to a possible solution of a knotty problem in the insuring of medical care and to closing the door to one of the most potent arguments for government health insurance. The dogooders beating the drum for compulsory government coverage have made much of the need for preventive and diagnostic medical care, possibly because of the difficulty of finding an insurance answer to the problem.

Blue Cross and insurance company plans cover diagnostic procedures to an extent but in general they apply when the patient is hospitalized. This has tended to throw an added burden on already overcrowded hospitals. Doctors have tended to use hospitals for observation and tests much more than for-

merly. The plan proposed by Dr. Berger should have the effect of lifting a considerable share of this type of load from the hospitals for it would not be necessary to send ambulatory patients to hospitals.

The proposal also has the advantage that it is under the doctors' control from start to finish. Whether a patient needs an elaborate series of diagnostic treatments or not is something that his doctor must decide. An insurer may feel that a doctor is overdoing this sort of thing but there is little the company can do about it. Where something like surgery, for example, is involved the situation is much more readily adapted to insurance, for it is generally true that nobody is going to have himself cut up just because an insurance company is going to pay for it.

The problems of the middle-income group has long been recognized as extremely troublesome. It has often been said that those who get the best medical care are the poorest and the richest. The in-between group is being pretty well taken care of by insurance company and Blue Cross and Blue Shield plans as far as actual medical care and operations are concerned. But today's elaborate diagnostic procedures can run into figures that may bankrupt the average working man or white-collar worker. Not only does such a person dislike the charity-patient tag but often he cannot afford the time away from work that is involved in sitting around at a dispensary until his turn comes.

Dr. Berger's proposal is encouraging evidence that the leadership of a large and important medical society is sufficiently aware of both the problem of the middle-income patient and the threat of government insurance to develop a plan to meet both these challenges.

PERSONAL SIDE OF THE BUSINESS

Otto Krueger, former North Dakota commissioner, was elected to Congress in the Nov. 4 election.

Arthur M. Jens, president of Chicago Federal Savings & Loan Assn., who is well known in the insurance business, as he was in the local agency field at Chicago from 1907 to 1947, is gaining strength and making progress after a rather lengthy hospitalization at Community hospital at Geneva, Ill.

Hugh H. Murray, Jr., of Raleigh, past president of National Assn. of Mutual Insurance Agents and member of the U. S. Chamber of Commerce insurance committee, is attending the meeting of the Inter-American Council of Commerce & Production at Lima. He and

Mrs. Murray joined other delegates at Miami, where they left by plane. The Murrys will visit Santiago, Chile, after the sessions and will return to Raleigh Nov. 26.

George P. Albiez, state agent of Pearl in New Jersey, appeared on "The Homeowner's Program" over TV station WATV at Newark Sunday. He carried on conversation in which he discussed the question of adequate insurance to value on dwelling houses and the need for extended coverage.

Adelbert W. Lee, Washington local agent and former vice-president of the D. C. board of education, is a candidate for appointment as member of the Board of D. C. Commissioners, execu-

tive and administrative governing body of the capital. He said he has Republican backing and has a good chance of getting the job.

Commissioner M. O. Allen of Tennessee, following a gall bladder operation, is resting well at Vanderbilt Hospital, Nashville. However, he is not expected to be able to spend much more time in his office before his term ends in January. He plans to return as soon as he is able to Newport where he has a local agency. An engineer and an attorney, as well as insurance man, Mr. Allen is a successful inventor, owning five patents. His most successful, a water meter, was designed while he was commissioner of waterworks at Newport before entering insurance.

Bert F. Lutz, Wisconsin state agent for London & Lancashire, is making satisfactory recovery at St. Joseph's hospital in Milwaukee where he underwent two serious operations.

DEATHS

GEORGE Y. WILKINSON, 82, veteran Milwaukee insurance man, died of a heart attack in his sleep at his home. Until his retirement in 1949, he was a partner in the Myers & Wilkinson agency, and for many years was treasurer of the Milwaukee Board of Fire Underwriters. Formerly state agent of Northwestern Fire & Marine, he was a charter member of Wisconsin Blue Goose. He had been in the insurance business more than 50 years. His son, John B. Wilkinson, is chief engineer of the Wisconsin Fire Insurance Rating Bureau at Milwaukee.

EDWARD H. DOLLE of the Walter P. Dolle & Co. agency of Cincinnati died in Jewish hospital at the age of 82.

ROBERT J. MACMULLEN, district manager for All-American Casualty, died at Chicago.

ROBERT TUTTLE, assistant treasurer of Central Mutual, Van Wert, O., died from coronary occlusion after a short illness. He had been with Central since 1927 when Ohio Millers Mutual moved to Van Wert from Columbus.

MRS. RENA SLINGLUFF RUTHERFORD, wife of President Paul Rutherford of Hartford Accident, died Saturday night, after an illness of several months. Funeral services were held at Hartford and interment was at Baltimore. One son, Frank Rutherford, is branch manager of Aetna Casualty at New Haven, and Paul Rutherford, Jr., is in the local agency business at Hartford.

THOMAS C. HAYES, 68, in the insurance business 42 years and for several years president of Thomas Griffith & Co. agency at Charlotte, N. C., died after an extended illness.

LOUIS N. HAMMER, who had been with Sun in the western department 43 years, died at the age of 68. He was secretary to Manager C. W. Ohlsen and had served in the same capacity for John Stafford and P. T. Kelsey.

HUGH T. CAMPBELL, 75, retired Boston general agent and company manager, died at his home at Marblehead, Mass., where he had been conducting a brokerage business. Mr. Campbell started in the business with a St. Louis local agency and then was with Missouri Inspection Bureau before going to Connecticut as special agent for Great

American. In 1907 he became a partner of Simpson, Cram & Co. of Boston, at that time New England managers of American Central, Mercantile F. & M. and Detroit F. & M. The name of the agency was changed to Simpson & Campbell in 1912, and in 1921 Mr. Campbell was appointed New England manager of New Amsterdam Casualty.

MRS. PHILIP L. BALDWIN, wife of the executive secretary of National Assn. of Mutual Insurance Agents, died after suffering a stroke. She had lived at Washington and at nearby Chevy Chase since 1925. She was married in 1922.

FRANK C. WRIGHT, 60, secretary of the Minner & Barnett agency, New York City, died at his home there.

MRS. FRED A. MOSER, wife of Henry Moser, the general counsel of Allstate and prominent factor in insurance industry legal and legislative activities, died after an illness of several months.

CHARLES A. TEGNER, 86, for more than 37 years a local agent at Santa Monica, Cal., died there. He was an Alaska "sourdough" in his earlier years.

MRS. ETHEL M. DOERFLER, 62, wife of Milo H. Doerfler, vice-president of Hoosier Casualty, died at Indianapolis of a heart attack. She had been ill for a number of years.

CHARLES T. COHEN, 60, a founder of the Breiner & Cohen agency, Milwaukee, who sold the agency and retired in 1931 after more than 30 years in the business, died of a heart ailment at his home.

G. FRANK BROWN, veteran agent at Madisonville, Ky., who had been bedridden for two years or more, died at his home there. His son, G. Frank Brown, Jr., has been in charge of the business.

CHARLES S. PRITCHETT, agent at Morganfield, Ky., and former sheriff, died at his home there.

T. MANN SCOGGINS, 60, Houston local agent, died there.

JAMES T. MOYE, 72, who retired two years ago as a local agent at Raleigh, N. C., died at Palatka, Fla.

Oct. Fire Losses Show 17% Jump

Fire losses in the United States in October were estimated by the National Board as \$65,958,000, an increase of 17% over the same month last year. The October total is up 8.5% from the September figure of \$58,949,000. For the first 10 months of 1952, losses now amount to \$647,697,000, 7.8% more than the first 10 months of 1951.

By months for 1952 and the two preceding years, losses are:

	1952	1951	1950
Jan.	74,155,000	68,686,000	58,823,000
Feb.	69,925,000	69,136,000	58,340,000
March	72,254,000	71,507,000	72,468,000
April	67,350,000	62,965,000	61,605,000
May	62,354,000	57,774,000	58,765,000
June	58,585,000	56,403,000	57,116,000
July	61,675,000	52,220,000	49,592,000
Aug.	56,462,000	55,416,000	49,878,000
Sept.	58,949,000	53,398,000	45,922,000
Oct.	65,958,000	54,660,000	49,953,000

647,697,000 603,135,000 563,462,000

Haney to MacDonald & Co.

G. A. Haney has been appointed vice-president of D. K. MacDonald & Co., Seattle. He has been vice-president of Johnson & Higgins of Washington and has had 22 years of insurance experience, including service with Norwich Union, National Fire and Fireman's Fund.

THE NATIONAL UNDERWRITER

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Louis H. Martin, Vice-Pres. & Secretary.
John Z. Herschede, Treasurer.
420 E. Fourth St., Cincinnati 2, Ohio.

ATLANTA 3, GA.—432 Hurt Bldg., Tel. Walnut 3601. Carl E. Weatherly, Jr., Southeastern Manager.

BOSTON 11, MASS.—210 Lincoln St., Tel. Liberty 2-1402. Wm. A. Scanlon, Vice-Pres.

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DES MOINES 12, IOWA—3333 Grand Avenue, Tel. 7-4677. R. J. Chapman, Resident Manager.

DETROIT 26, MICH.—1102 Lafayette Bldg., Tel. Woodward 3-2826. A. J. Edwards, Resident Manager.

KANSAS CITY 6, MO.—605 Columbia Bank Bldg., Tel. Victor 1157. William J. Gessing, Resident Manager.

MINNEAPOLIS 2, MINN.—558 Northwestern Bank Bldg., Tel. Main 5417. Howard J. Meyer, Resident Manager.

NEW YORK 38, N. Y.—99 John Street, Room 1103, Tel. Beekman 3-3958. Ralph E. Richman, Vice-Pres.; J. T. Curtin, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad Street, Room 1127, Tel. Pennypacker 5-3706. E. E. Fredrikson, Resident Manager.

PITTSBURGH 22, PA.—503 Columbia Bldg., Tel. Court 1-2494. Jack Verde Stroup, Resident Manager.

SAN FRANCISCO 4, CAL.—507 Flatiron Bldg., Tel. Exbrook 2-3054. F. W. Bland, Pacific Coast Manager.

Boston meeting of on a pr stock. Under shares of from 500 would be to \$5 and two new Authoriz In a lo D. C. B broaden increases It is th pay a div the new company quarterly stock. T new sto \$2.80 ann On M stock wi market v

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Boston Gets Set for 2 for 1 Split of Stock

Boston Ins. Co. has called a special meeting of stockholders Dec. 16 to vote on a proposed two-for-one split of the stock.

Under the proposal the number of shares outstanding would be increased from 500,000 to 1 million, par value would be reduced from \$10 per share to \$5 and each stockholder would receive two new shares for each share held. Authorized capital is \$5 million.

In a letter to stockholders, President D. C. Bowersock said the split would broaden the market for the stock and increase the interest of investors.

It is the intention of the directors to pay a dividend of 35 cents quarterly on the new stock, or \$1.40 per year. The company is currently paying 65 cents quarterly, or \$2.60 a year on the present stock. The proposed dividend on the new stock would be the equivalent of \$2.80 annually on the old stock.

On Monday 72 was bid for Boston stock with none offered. Last week the market was 71-71½.

UJF in N. D. May Be in Red Before End of This Year

BISMARCK — North Dakota's state unsatisfied judgment fund, the only one in operation in this country, may be depleted before the year runs out. The fund is built up by an extra \$1 assessed on all motor vehicle registrations in the state. Records in the state treasurer's office show only about \$25,000 left in the fund, with at least one judgment for \$7,500 to be presented soon and 25 cases pending in the courts which may take additional sums.

The fund was set up four years ago to protect innocent parties in traffic injury and death cases when the person at fault is unable to pay the judgment. The law provides that when the fund falls below the \$100,000 mark an extra assessment of \$1 shall be made.

Any judgments presented for payment with no money in the fund will be registered by the treasurer in the order of their arrival and paid when money is available.

Advanced by Pan American

Ben G. Ramsey has been elected assistant secretary and claims attorney of the Pan American companies of Houston. Before joining Pan American in 1951, he was assistant general claims manager of Travelers. He is a law graduate of Southern Methodist University.

Conference Names Gifford

Bruce H. Gifford has joined the staff of H. & A. Underwriters Conference. Mr. Gifford, a former radio-newsman and government information aide in Austria, will assume general administrative and staff duties. He is a veteran, with infantry service in France and Germany. He is a graduate of the Northwestern University school of journalism.

R. I. Adjusters Organize

A. E. LaChapelle has been elected president of the newly organized Rhode Island Assn. of Independent Insurance Adjusters.

Aims of the association will be to develop cooperation between members and companies and to establish a catastrophe plan for pooling manpower for prompt and efficient handling of losses.

Other officers are William F. Cruise, vice-president, and Joseph A. Pelletier, secretary-treasurer. Ronald J. Smith and Alexander C. Tainsh are directors.

Charter members are B. M. Caruth,

W. C. Chambers, W. F. Cruise, G. V. Gray, G. L. Kim, A. E. LaChapelle, G. W. MacPherson, J. A. Pelletier, R. J. Smith, G. E. Swan, A. C. Tainsh, Herbert Trimble and H. V. Collins.

O'Sullivan Insurer Being Taken Over

American Farmers, mail order insurer at Phoenix, Ariz., for many years the stormy petrel of the life and A. & H. business, which has been in trouble over the years with probably most of the insurance departments in the United States and Canada over its unlicensed activities, and now has a suit pending against it in Illinois, is being taken over by National Life & Casualty of Phoenix.

Mike O'Sullivan, its redoubtable two-gun president, becomes executive president and chairman of National L. & C. Robert H. Wallace, president of Consolidated of Phoenix, which is also being taken over, will be president of National L. & C., which will become a legal reserve company, operating in most western states.

Figures Are Cited

National L. & C. at the end of 1950, the latest figures available, showed assets of \$68,936, income for the year of \$115,579, claims paid \$10,554. Corresponding figures for American Farmers were \$161,979, \$246,999, \$46,183, and for Consolidated, \$36,709, \$24,206, \$11,239.

Mr. O'Sullivan, in colorful western costume, has been a prominent figure especially at A. & H. meetings for a number of years.

Hear Valuation Talk

Adjusters Assn. of Chicago at its November meeting heard a talk on building valuations by Abner Goldenson, Chicago attorney. He reviewed the lines of reasoning followed by courts in determining what claimants should recover under insurance policies.

The next meeting is set for Dec. 17 and will take the form of a Christmas party.

Buyers Hear Valentine

Don W. Valentine, marine manager of Fred S. James & Co., is speaking on "Contingent Liability—Transportation Insurance" at a dinner meeting of Midwest Insurance Buyers Assn. Thursday.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. LaSalle St., Chicago
Nov. 18, 1952

	Div.	Bid	Asked
Aetna Casualty	3.00*	96	99
Aetna Fire	2.25*	57½	59
Aetna Life	2.50*	98	100
American Alliance	1.50*	33	34½
American Equitable	1.50*	27½	28½
American Auto	2.00	47½	49
American (N. J.)	1.00	26½	27½
American Surety	3.00	54½	56½
Boston	2.60*	73	Bid
Camden Fire	1.10*	24	25
Continental Casualty	2.50*	95	97
Crum & Forster Com.	1.60	46	48
Fire Association	3.00	70	72
Fireman's Fund	1.00	59½	61
Fireman's (N. J.) .....	.90	26½	27½
General Reinsurance	1.60	35	36½
Glens Falls	2.00	59½	61
Globe & Republic .....	.80	16	18
Great American Fire	1.50*	37	38½
Hartford Fire	3.00	155	157
Hanover Fire	1.60	38½	39½
Home (N. Y.)	1.80	40	42
Maryland Casualty	1.20	25	26
Mass. Bonding	1.50*	22	23
National Casualty	1.50*	29	Bid
National Fire	2.60	73½	75
National Union	1.80	41	43
New Amsterdam Cas.	1.50	39½	41
New Hampshire	2.00	46	47½
North River	1.20	30	32
Ohio Casualty	1.20	67	70
Phoenix, Conn.	3.00*	99	102
Prov. Wash. & M.	1.50*	30½	32
St. Paul F. & M. ....	.85*	33	34½
Security, Conn.	1.60	39	41
Springfield, F. & M.	2.00	50½	52
Standard Accident	1.60	40	42
Travelers	14.00*	675	685
U. S. F. & G.	2.00	62	64
U. S. Fire	1.50*	44	46

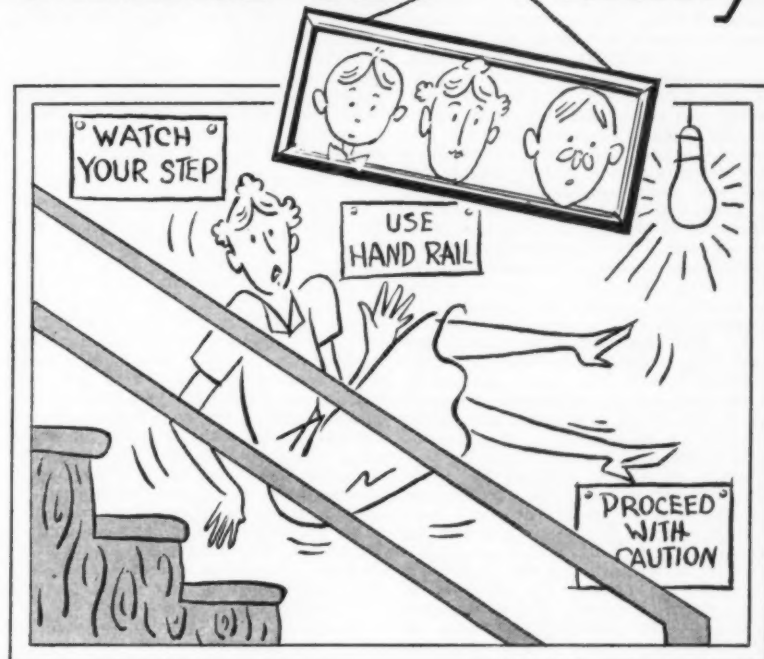
*Includes extras.

New Candidate in Tenn.

Arch Northington, local agent at Clarksville and vice-president of Insurers of Tennessee, has emerged as the strongest candidate to date for Tennessee commissioner, with the full sup-

port of local agents of the state. A close friend and supporter of the new governor, Frank Clements, Mr. Northington has agreed to accept the position if offered it, although he has a large local agency at Clarksville. Another possibility is J. M. McCormack.

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Gescheidler Heads Hoosier Agents

Farm Session at Indiana Draws a Record Crowd

INDIANAPOLIS—The turnout at the luncheon and afternoon sessions of the farm underwriters committee of Indiana Assn. of Insurance Agents which opened the annual meeting at Indianapolis Monday was amazingly large, even by Indiana standards. R. L. Strayer, Warsaw, chairman of the committee, who presided, said that it was the largest crowd in history, and no one challenged that statement. After a performance by a magician which rung the bell with the crowd, the group settled down to a meeting which lasted until a late hour that afternoon. Speakers were R. E. Hawkins, Peoria, hail department, supervisor of Home, J. P. Scanlon, Muncie, on farm liability compensation and occupational disease insurance, and E. H. Luecke, New York, superintendent of agencies, Fidelity & Casualty, on salesmanship.

Mr. Hawkins said that now is the ideal time to push crop-hail insurance, as recent history has shown conclusively that hail storms are moving eastward. What used to be a problem almost exclusively of states such as Kansas and the Dakotas has become a regular phenomenon of Illinois, Indiana and Ohio, and probably will get still further east. Indiana is still behind the state west of it in writing this insurance, but the need is clearly indicated and it is just a matter of who will get the business in the years to come. The number of acres under cultivation in Indiana indicates that the potential premiums are something over \$10 million, while the

actual premiums for the past year were about \$900,000, divided almost equally between stock and mutual carriers. While it is true that 100% insurance will probably never be achieved, Mr. Hawkins said, the future in Indiana can be indicated by the figures in Illinois, which, with a potential of \$12 million, last year had premiums of \$6½ million. This indicates that the potential in Indiana for the future should be about \$5 million, or more than five times as much as the present premiums.

Two Forms In Use

There are two forms in common use, Mr. Hawkins said. The percentage type form is the most common and the cheaper, although it is more limited. In effect, this form has a 100% coinsurance clause, since it provides that losses shall be adjusted solely on the basis of reduction of crops. In other words, if a farmer has land planted with corn worth, say, \$110 per acre and insures to the basis of \$80 per acre, in case 40% of his crop is lost, he will recover 40% of the amount of insurance. Because there are very few total losses on corn and small grain crops—although this is not true as to specialty crops, such as tomatoes, the guaranteed price per bushel form has been authorized in a number of states, including Indiana. This form sets an agreed value per bushel and pays up to this amount of insurance for every bushel lost through hail. It costs more than the

(CONTINUED ON PAGE 24)

Woodbury Gives Lively Talk on "Selling Ideas"

Louie E. Woodbury, Wilmington, N. C., a member of the executive committee of the National Assn., gave a lively talk on "Selling Ideas" at the Indiana agents convention.

A good salesman must have ideas, but the idea is of no use unless he is enthusiastic about it, Mr. Woodbury said. It is not necessary that the idea be used in precisely the manner in which it was learned, he added. A salesman can adapt it to his own situation. "You will find that if you incorporate some of your own thoughts in the use of the idea, then you will want to use it," he said.

Let the client talk, he suggested. Instead of the agent telling his ideas, he should guide the conversation so the prospect will think the ideas are his own. "Plant your idea in his mind—then when he starts discussing it, give him the credit for the idea. Ask the prospect questions, so you can find out what he is really interested in. Don't talk about rates. Let him tell you about his needs, then illustrate to him what would happen should a loss occur. Get him to the point where he feels he can't afford to do without proper protection."

Mr. Woodbury said the prospect should be given a choice, but it should be between one limit or another, or one policy or another and not between one limit or nothing or one policy and nothing.

Four Stages to Goal

As a formula for selling, the speaker suggested that the sale be planned and that the prospect be given every reason why he should buy. There are four simple steps to follow in making a sale, he said. First, the prospect's attention must be had, his interest aroused, he must have a desire for the coverage, and then the sale has to be closed.

Hard work alone will not make success, Mr. Woodbury said. There are many men who work hard fail because they do not plan their work effectively, and that is also the difference between the success or failure in the insurance business. Once an agent learns how to be successful, it is easy to stay on top, he added.

Evansville Wins Trophy

INDIANAPOLIS—Evansville Assn. of Insurance Agents won the William C. Myers local board trophy of Indiana Assn. of Insurance Agents. The Muncie board was awarded the Herman C. Wolff achievement trophy and the Wolverine insurance Co. safety and accident prevention trophy went to Fort Wayne for the fourth consecutive year.

J. F. Neville, New York, secretary National Assn. of Insurance Agents, announced the awards at the closing luncheon Wednesday. Judges were Mr. Neville, L. E. Woodbury, Wilmington, N. C., N.A.I.A. executive committee member, and J. C. O'Connor, Cincinnati, executive editor "Fire, Casualty & Surety Bulletins," who were convention speakers.

Another Record Set as 1,500 Turn Out at Indianapolis

E. E. McLaren Is Picked as Crown Prince;

Linn Kidd Reelected

By JAMES C. O'CONNOR

INDIANAPOLIS—Another crowded, enthusiastic meeting of Indiana Assn. of Insurance Agents ended Wednesday afternoon with H. J. Gescheidler, Jr., Hammond, installed as president succeeding H. H. Miller, Seymour. E. E. McLaren, Indianapolis, moved up to first vice-president and heir apparent and Edward Watson, Vincennes, started up the official ladder as second vice-president.

Registration, over 1,500, set a new record. There is little news value in this statement, since the Indiana association almost monotonously sets a new record every time it holds a meeting. As always, Harry E. McClain, Indianapolis, executive secretary, amazed observers with his magnificent handling of a multi-ring circus and brought another record-breaking meeting to a successful conclusion despite the physical handicap of obviously inadequate facilities of Indianapolis hotels.

Shift Scene of Dance

An innovation in the annual dinner relieved one major problem and was enthusiastically received. For the first time, the annual dinner was held at the Indiana Ballroom, close to the Claypool Hotel, instead of at the hotel, where for many previous years attempts to crowd 1,200 to 1,400 people into a room which could accommodate about 700 people had the inescapable result. The dinner, served by an outside caterer, pleased everyone, the space was adequate and the floor show rang the bell.

Mr. Gescheidler, the new president, is of a noted Indiana insurance family. He is treasurer of Hammond National Co., one of the largest agencies in the state, founded by his father, who was first vice-president of the Indiana association before the war. Mr. Gescheidler, Jr., entered the agency in 1933 and has been with it continuously, except for four years service with the army transportation corps. His brother, Ronald, now with the army, was formerly with the agency and expects to return when he is released from service.

Stress Accident Prevention

The meeting constantly stressed the importance of accident prevention, a subject dear to the hearts of Indiana agents and one for which the association has won national recognition. It was the theme of the Tuesday morning session and was in evidence at all times. Linn S. Kidd, Brazil, who has been rumored as the next insurance commis-

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sioner of Indiana, was reelected state national director. Mr. Kidd, a past president of the Indiana association and son of a former commissioner, has been prominent in National Assn. of Insurance Agents as chairman of the important steering committee of the National Board of State Directors.

The meeting opened Monday noon with a packed luncheon and meeting of the farm underwriters committee. Monday evening there was the traditional dinner conference of local board officers, featuring J. F. Neville, New York, N.A.I.A. secretary, and M. J. Carter, Indianapolis, safety director Indiana association.

The new film of Western Underwriters Assn., "I Take Risks", was shown Monday evening, along with "A Day in Court", film of International Harvester Co.

The Tuesday morning session, in addition to the report of President Miller, the accident prevention forum, and the talk of L. E. Woodbury, Wilmington, N. C., N.A.I.A. executive committee member, all of which are reported elsewhere, featured the talk of W. E. Pullen, Baltimore, vice-president and agency director U. S. F. & G. Mr. Pullen, speaking on "What the Agent Should Expect of His Company", said that the insurance business can be no better than the demands of representative agents.

Agents' Role Emphasized

Mr. Pullen, who spent his early business life in Indiana, said that insurance must meet the reasonable demands and needs of the public and that it is up to leading agents to interpret them. He said that he is positively in favor of consultation with agents and agents' organizations and feels the major responsibility should be upon them. He also stressed that agents should not expect their companies to be "in and outers" and that a heavy burden has presently fallen on companies whose sense of responsibility has impelled them to meet the demand of the public for a market.

He concluded his talk, which got a tremendous ovation, with the statement that agents should expect no more from any company than they deserve to demand.

The election Tuesday afternoon was preceded by talks by John F. Neville, New York, N.A.I.A. secretary, and W. W. Clement, New York, research manager International Underwriters Corp., on the world market for insurance on American properties overseas.

Agency System Accepted by Public

Mr. Neville said that not only the insurance business, but, more important, the insurance buying public has overwhelmingly accepted the American Agency System. He said, however, that it is well to review exactly what an agent is supposed to be. He quoted from the N.A.I.A. constitution, which defines the American agency system as: "The production of insurance premiums and the servicing of insurance contracts by insurance agents operating solely on a commission basis on their own account as independent contractors, who maintain their own offices, separate and apart from any production office maintained by an insurance company." Mr. Neville punctuated his talk with an account of the history of the agency system in the United States from pre-revolutionary days. He pointed out that the United States Supreme Court has held clearly that an agent owns his expirations and that N.A.I.A. was the protagonist in the suit.

No Fireworks at Business Meet

The balance of the Tuesday afternoon session had explosive possibilities, but no fireworks developed. Mr. Kidd, who presided, introduced A. C. Johnson, Indianapolis, counsel of the Indiana association, who discussed the proposed agency licensing law. Both he and Mr. Kidd made no attempt to conceal their opinions that the proposed legislation is not as strong as they would like, but still would be an advance over present

legislation. After some discussion, the Indiana agents instructed the officers and legislative committee to push the proposal.

There was also a flurry of discussion over the present support of the Indiana agents of National Tax Equality Assn. Opposition was voiced over the attacks of this pressure group to building and



Mr. Gescheldler



H. E. McClain

loan associations. The discussion eventually degenerated into a wrangle over whether building and loan associations throw any business to agents and whether their interest charges are excessive. No formal action was taken. The same was true of a discussion of the practices of insurers in property damage liability claims.

Roy Duffus Is Heard

The Wednesday morning session featured a talk by R. A. Duffus, famed agent of Rochester, N. Y., and past president of New York Assn. of Local Insurance Agents, on "How to Be a Better Agent", and an "Information Please" panel. J. C. O'Connor, Cincinnati, executive editor "Fire Casualty & Surety Bulletins" of The National Underwriter Co., was moderator, assisted by five agents, David Baldwin, Fort Wayne; Al Carle, Terre Haute; D. F. Dean, Indianapolis; A. W. Hognig, Evansville, and Virgil Smith, Milan.

A lively forum on the automobile accident problem, a subject which has received special attention from Indiana Assn. of Insurance Agents, featured the crowded Tuesday morning session here. M. J. Carter, Indianapolis, who became safety director of the association early this year, presided. Participants were Prof. C. W. Dane of Indiana University; O. C. Shaw, Evansville; Prof. J. L. Lingo of Purdue university; R. A. O'Neal, Indianapolis, superintendent Indiana state police; C. D. Kessler, Peru, and Sergeant Edward Kaiser of the Peru police department.

Prof. Lingo pointed out that keeping the public educated to safety is a continuous job. Not only do people forget, but there are two million new citizens born each year and they must be taught safety.

Policemen Need Education

Mr. Kessler, who is past president of the Indiana association, introduced Sgt. Kaiser and told of his outstanding work in Peru. Sgt. Kaiser said that education of police officers is just as important as education of motorists and pedestrians and praised the training courses at Purdue. He also said that people cannot be expected to obey traffic laws unless they know them. A most helpful contribution, he said, was the general distribution of copies of the Peru code, thanks to a committee of civic leaders of which Mr. Kessler was a member.

Mr. Shaw, who is president of Evansville Assn. of Insurance Agents, which later received an award for outstanding work, told how his board had sponsored safety patrol work among the Evansville schools.

Mr. O'Neal said that Indiana's safety record is bad—the state standing 32nd among states on a mileage basis and 38th on a population basis. The population movement, as everyone knows, is toward rural areas and the big problem is now on state and rural highways. Actually, cities are improving their

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safety records, while that of rural highways is getting worse. He asked for support of the proposed increase of 90 troopers in the state police, which now has 291 officers and a total personnel of 590.

The safety theme was also emphasized in the report of President Hobbs Miller, Seymour, which opened the meeting. Mr. Miller told of the hiring of Mr. Carter and his work. He said that many local boards are making good

use of Mr. Carter's services, but that others have failed to cooperate. He also pointed out that the Indiana association received the National Assn. of Insurance Agents award for outstanding contribution to traffic safety and accident prevention at Cleveland in September.

Membership in Indiana Assn. of Insurance Agents remained exactly stationary at 1,118, President Miller reported. There were 60 new members,

one reinstatement and 61 withdrawals. It is rare that such a large association comes out even.

Regulation of automobile drivers must become more rather than less restrictive to assure safe highways and safe transportation, the agents were told by Paul H. Blaisdell, public safety director of Assn. of Casualty & Surety Companies.

Declaring that there is little to choose between no traffic law enforcement at all or enforcement that is spineless, Mr. Blaisdell asserted that "the technique of selective enforcement used by progressive police departments must be applied in larger doses as our network of super-highways becomes a reality." Citing one instance of a driver who traveled the entire length of the Pennsylvania Turnpike without seeing a patrol car, and another of a woman motorist who was stopped three times for exceeding its 70-miles-per-hour speed limit but was allowed to continue on her way, the speaker declared that "we are not even keeping pace with 1932 conditions" in meeting the problem of highway safety presented by unenforced speed limits.

Expect Individual to Be Infallible

"Under the present standards of traffic law enforcement, and under present trends of tolerating higher and higher speeds on our most up-to-date roads," he said, "we have worked ourselves into a dilemma of expecting the individual to be infallible in judging his own safety saturation point."

"Your association," Mr. Blaisdell said, "might well take the forefront position in building public support for more and stronger traffic law enforcement before the gigantic task of the super-highway is added to the burden. It means more and better-trained police — it will cost more money — but the cost will be a trifle compared with the destruction of life, limb and property which inadequate control will produce."

Urging greater public support of plans to achieve safer highways, Mr. Blaisdell said a new note of realism has appeared in evaluations of what has been accomplished toward traffic accident prevention — "a common sense approach which admits that the conflicting appraisals of the safety professionals have created nothing more than confusions in the minds of people whose support they have requested."

"We may as well admit that the people cannot shoulder the entire blame for the fact that the traffic safety machinery of today is stuck on dead center," Mr. Blaisdell added. "We may as well face up to the basic premise that unless public officials can agree, in a state or community, as to just what they need for safer highways, the public has nothing to support. No amount of apology can excuse our state and local officials from their primary responsibility in traffic control."

Ind. Farm Session Draws Big Crowd

(CONTINUED FROM PAGE 22)

percentage form, but, for larger and more efficient farms with a good yield per acre, it is probably more desirable.

Mr. Hawkins described several details of crop-hail coverage. Insurance, he said, goes into effect 24 hours after the application is signed, but there is no time limit on when insurance may be written. It may be written in the fall or winter before the crop is even planted and there is no warranty that planting will be in certain portions of the farm, the legal description of the farm being the only information required. Premium must be paid in cash or with a note accompanying the application. Most notes are due Oct. 1. He said it is estimated that it would cost \$60 to produce one acre of corn, while for the average farm in Indiana the premium for crop-hail insurance is approximately \$1.40 per acre, thus illustrating the relatively small cost of this insurance. He also pointed out that, competitively, mutuals

write over half the business and it is the fault of nobody but stock companies and their agents. Unlike most forms of insurance the stock company rate is usually lower than the mutual rate, so it is just a matter of salesmanship.

Mr. Scanlon, who was well-known to Indiana agents as state manager for Ohio Casualty at Indianapolis before he entered the agency field last year, said that from a viewpoint of public liability the situation of a farmer is no different from that of any other person or corporation. He is liable for his negligence and is under the same duties to the public as anyone else, the only difference being that until very recently farmers did not pay much attention to this liability and were not particularly concerned with carrying insurance. Actually, a farmer has a number of special exposures which might result in liability which is even worse than that of the average city dwellers. He mentioned particularly, animals, farm machinery, many types of which are more dangerous than those handled by city dwellers, spreading fires, attractive nuisances, such as ponds, stacked lumber, abandoned buildings and machinery, etc., and the fact that tractors and other farm machinery are often driven on public highways by very young boys.

Has Standard Defenses

As to employees, Mr. Scanlon said that under common law, the farmer has the same defense as any other employer — contributory negligence, assumption of risk, and negligence of a fellow servant, and ordinarily it is difficult for an employee to collect legally from a farmer, with the catch that once he can collect, the sky is the limit. As is true in most states, a farm laborer is not compulsorily under the Indiana workmen's compensation act, the difficult problem being the question of just what is farm labor, with many conflicting decisions which do not throw much light upon the basic problem. Custom farming, however, has been clearly held to be under the workmen's compensation act. The occupational diseases act in Indiana, like that of Illinois, is unique in that it does not specify occupational diseases by name and is not restricted to certain employments, so it is still anybody's guess as to whether a farmer can be held liable for diseases contracted by his employees and to what extent.

Can Come Under the Act

Because of this uncertainty, there is much to recommend a farmer coming voluntarily under the compensation act, buying insurance and being certain that any injured or diseased employees will be paid, with the added attraction that his liability under those circumstances is limited and definite. There is the drawback, however, that once a person or corporation voluntarily places himself under the occupational diseases law, there is no way he can get out, and consequently he might find himself liable for a penalty and for personal payment of an occupational diseases compensation award if he ever ceases

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to carry insurance, Mr. Scanlon said. As to workmen's compensation, the situation is not so clear, but there is reason to fear the same result. Some casualty carriers will get around this by writing voluntary compensation policies, under which no formal filing is made with the industrial commission of the state, but which provide that the insurance company, in case an employee is injured or diseased, shall voluntarily tender payments according to the scale to which the employee would have been entitled had he been under compensation, with a provision for defense and liability protection if the employee refuses these benefits and sues.

Bureau Forum an Improvement

On the public liability side, Mr. Scanlon said that the farmers comprehensive personal liability policy of National Bureau of Casualty Underwriters is a big improvement over the non-standard contracts previously offered by many independent carriers, but there are two serious drawbacks. The present contract excludes liability from the use of tractors and other farm vehicles on the highways if they are subject to motor vehicle registration. The Indiana motor vehicle law apparently makes considerable common use of farm implements on the highways subject to registration, but in practice scarcely any farmer buys license plates for this equipment, so there is the likelihood of technical violation and no coverage here. The other drawback is that the classifications are unrealistic, at least for Indiana territory. They are not as bad as they seem, if a producer will take the trouble to study the manual carefully, but at first glance they are startling. For example, studio occupancy of a farm would be very difficult to find in Indiana, as is also the case with elevators in a farm house. On the other hand, the classifications do not at first sight cover all the common situations. Mr. Scanlon said that the three most common situations in farming are a farm occupied and operated by the owner, a farm on which the owner lives, but with a tenant on the same premises who does the actual farming, and a farm owned by a person who lives in a city or village, with a farming tenant occupying the premises. Actually, proper classifications can be found in the manual, with the assistance of later interpretive bulletins, but at first sight the problem is not easy. He said that frills like animal collision insurance are not strictly liability insurance, but he thinks it is desirable to suggest them, since they are likely to result in small claims being paid occasionally and this helps keep a farmer happy and sold on insurance, since the actual loss incidence of farm liability insurance is very slight.

Mr. Luecke said that he is convinced that the day of the salesman is at hand. It has been overdue ever since the end of the war, but one emergency after another has postponed it. He said that insurance agents should be prepared for serious competition, perhaps not so much with other insurance people as with automobile dealers, television salesmen, income tax collectors, etc. He said that the four fundamental principles of salesmanship are (1) you; (2) your client; (3) your client's needs; and (4) your prescription for your client's needs.

Most of Mr. Luecke's talk was devoted to the theme of "you." He said that first of all, any salesman must be convinced of the importance of the sales profession in the economy of our nation, and anybody in the insurance business must be convinced of what insurance means to our nation and the well being of everybody. He pointed out that statistics indicate that out of every 100 failures in business, nine are caused by lack of knowledge and 91 by not knowing how to sell one's product or services. The reluctance of every normal person to ask somebody to buy is something which should never be forgotten by any salesman, either a novice at selling or a veteran salesman who has the responsibility of breaking in new people. Many a young man, who could and should have made good,

has been so ashamed by his fear of calling on his first prospect that he has gotten out of the business. The principal or partner in an insurance agency who is bringing young men into the business should remember this and should remind these people that this hesitancy is only natural and nothing to cause them any shame.

Any insurance agent should develop sound work habits, trying as far as possible, to plan his work and his office routine so that he can spend the maximum time out of the office calling on customers. He particularly recommended making appointments by telephone before making any calls. This procedure is valuable in that it gives any person a work picture of his day and pretty much forces him to make calls. It is also valuable for the effect on the prospect, since it shows that the salesman values his own time and the prospect's time and eliminates the possibility of opening an interview with such inexcusable expressions as "I was in the neighborhood and thought I'd drop in." Mr. Luecke, as an aside, said that if any fieldman, including one of his own company, ever says that to an agent, he hopes the agent will throw him and his company right out of his office.

Mr. Luecke offered several personal suggestions for conduct in front of a client. He said the salesman should not smoke unless the prospect suggests it; but if he does not smoke, he should not insult the prospect by making a speech to that effect, he should simply say, "No, thanks." He said an agent should call only when he is in good physical condition. If he has a bad cold, the best thing is to go to bed and get over it. Likewise, while it is advisable not to do a lot of carousing the night before, if the agent has a hangover, the smart thing is to recognize it and to stay in bed half the next day, if necessary, rather than to force himself to make calls at 10% efficiency.

Royal-Liverpool Announces Several Executive Changes

Royal-Liverpool has made several important executive changes.

James B. Clancy as secretary will devote full attention to the supervision of the budget control and forms control departments.

T. Corwin Steele will be relieved of his duties as chief auditor and will become comptroller and secretary. He will have supervision of the general accounts, expense control, agency accounts, and methods and planning departments. A. Mercer Pool becomes chief auditor.

Mr. Clancy started with Newark Fire in 1917. He was transferred to Royal in 1924 and in 1932 was appointed secretary of Royal Indemnity. In 1947, with the consolidation of the group's management, he was appointed secretary and comptroller of all companies in the group. He is a member of the blanks and uniform accounting committees of National Board and Assn. of Casualty & Surety Companies and since 1950 has served as chairman of the industry uniform accounting committee. He is also casualty director of Insurance Accounting & Statistical Assn.

Mr. Steele also started with Newark Fire in 1921 as a junior clerk, advanced through various positions on the audit staff and in 1942 was made executive assistant to the presidents of Eagle, Globe and Royal Indemnity. He was appointed chief auditor of the group's operations in the United States and Canada in 1947.

Mr. Pool entered Royal's southern department at Atlanta in 1922 as assistant loss superintendent. The following year he was made head of the reinsurance department and in 1927 was appointed internal auditor of the Southern department. He was appointed assistant auditor at New York in 1938 and promoted to auditor in 1947.

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FINANCIAL STATEMENT

AS OF JUNE 30, 1952

ASSETS

U. S. Government Bonds*	\$ 972,163.57
State and Municipal Bonds	95,184.07
Corporate Bonds	125,198.09
Preferred and Common Stocks	276,403.46
Cash in Banks and Office	85,608.25
Accrued Interest on Investments	7,867.03
Premiums in Course of Collection	79,972.75
Total Assets	\$1,642,397.22

LIABILITIES

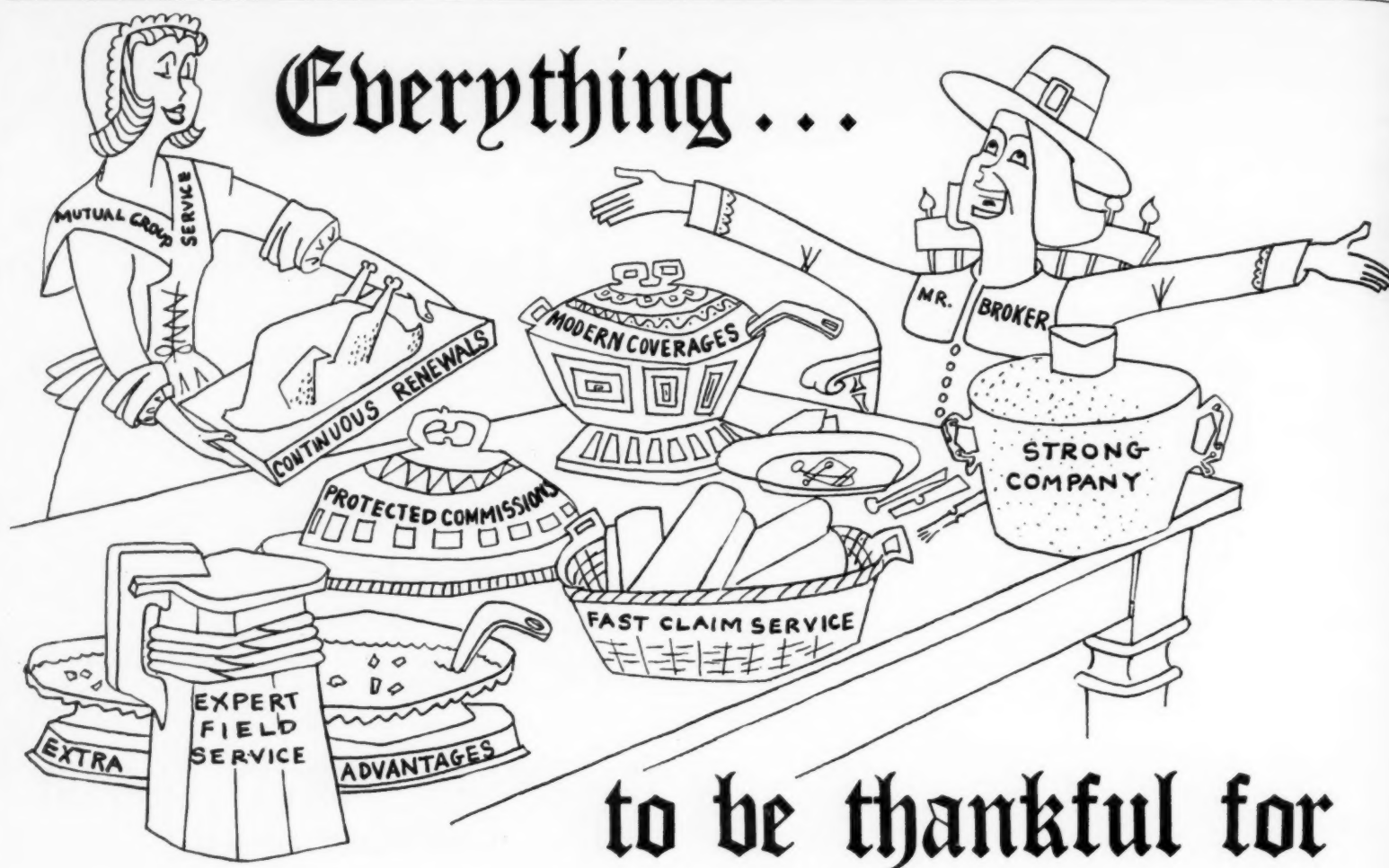
Reserve for Losses	\$ 500,674.57
(Amount reserved for payment of claims and adjustment expenses.)	
Reserve for Reinsurance Payable	57,232.90
Reserve for Unearned Premiums	494,546.09
(Amount reserved for protection of policyholders' unexpired policies.)	
Reserve for Taxes and Miscellaneous	7,931.85
Total Liabilities	\$1,060,385.41

Capital Stock and Surplus	
Capital Stock (Par Value)	\$280,216.76
Surplus	301,795.05
Policyholders' Surplus	\$ 582,011.81
Total Liabilities and Policyholders' Surplus	\$1,642,397.22

*U. S. Treasury Bonds in Face Amount of \$305,000.00 are on deposit with State Insurance Departments.

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Contractual and Assumed Liability Is Buyer Topic

Final Topic at A.M.A. Conference Attracts Full House

Those planning the program for the insurance conference of American Management Assn. at Chicago were canny enough to schedule one of their hottest items for the final period Friday afternoon and hence they held the group together until the end. Indeed there were quite a number of both insurance men and buyers who had not attended any of the other sessions that went over to the Drake just for that period alone. Those on the panel were Clarence R. Conklin of the Chicago law firm of Heineke & Conklin, John M. Breen, third vice-president of Lumberman's Mutual Casualty, and Edmund T. Sinnott, vice-president of C. R. Black, Jr., Corp. of New York. The topic was "Dangers to Business in Contractual and Assumed Liability."

The problem arises because in many situations and business relationships one or the other of the parties assumes and is responsible for certain risks either to the other party or to third parties and for which they would have had no obligation or from which they might have escaped liability in the absence of an agreement or condition, Mr. Conklin said. There is an unfortunate lack of uniformity in form and arrangement of language in these agreements, but except with respect to a few forms there is little chance of reaching universal wording because the field is too broad and too varied. Moreover, the decisions of the courts of different states are somewhat at variance. There is no escape from the fact that only safe procedure is close scrutiny and analysis of each and every agreement, not only by insurance management, but by experienced counsel.

Words May Be Innocuous

He said it is the exception rather than the rule for a written contract not to contain in one form or another some term or condition by which the ordinary liability or obligation of one or the other is sought to be diminished or broadened. Sometimes such conditions are disguised in seemingly innocuous words. There is a wide range in the tenor of these conditions. On the one extreme there is a clear undertaking whereby party "A", who may be entirely without fault, agrees to indemnify party "B" against liabilities arising through the sole negligence of "B." At the other extreme are provisions referring to obligations for a duty of care and liability for loss or destruction of property which otherwise would not be chargeable to that party.

Mr. Breen went thoroughly into the ins and outs of the National Industrial Traffic League sidetrack agreement which is the standard indemnity agreement used by railroads. He also went into the hold-harmless agreement exacted by building owners from tenants. Where the agreement provides that the tenant shall not be liable for damage caused by faulty water pipes, steam and other hazards if written notice is given to the landlord and he fails to repair it,

(CONTINUED ON PAGE 36)

Big Crowd at Md. Convention

Change By-Laws, Will Push New Qualification Law

A discussion of the agency qualification legislation proposal, acceptance of the new by-laws, and the new coextensive agreement with Baltimore Assn. of Insurance Underwriters were among the items of business completed at the Maryland Assn. of Insurance Agents convention in Baltimore. A record attendance was reported.

President-elect F. George Eisenberger, Baltimore, told the business meeting that cooperation would be the keynote of his administration. As a part of this he asked local boards to submit possible February, April, August and October dates when the state board, at its own expense, could meet with the local groups.

Nick Dekker, secretary of America Fore, spoke on "Use and Occupancy Insurance." His speech is reported elsewhere. Virgil W. Souders, secretary of Fire Association, spoke on "Manufactur-

NEW OFFICERS ELECTED

President — J. George Eisenberger, Baltimore.
Executive Vice-president — Brian A. Kane, Chestertown.
Chairman of Board — Morris B. Bassford, Hagerstown.
State National Director — J. Vernon Coblentz, Frederick.
Secretary — Rodney J. Brooks, Jr., Baltimore.
Treasurer — James B. Reinhart, Cumberland.

ers Output Policy" and "Comprehensive Home Owners Policy," and Harold M. Sterling, manager Washington office of Assn. of Casualty & Surety Companies, on "A Look Into the Insurance Future."

Fred C. Wright, Hagerstown, told the officers of local boards of the importance of careful selection representatives to the state association board by the local boards. That point also was stressed by George Robertson, executive secretary of the state association, and Columbus K. Oakley, association manager, who said local board representatives should either be presidents or a carefully selected member of the local group.

Mr. Oakley asked that the local boards designate one member to handle legislative matters. With only a minute's notice, this man must be ready to swing into action on some vital matter.

Distributing country, city or hospital insurance among members of the local boards is one of the means employed to hold local organizations together or to expand them, it was brought out in discussion. This was a lack of agreement on how the commission on this business should be distributed.

Agency Qualification Law

E. Churchill Murray, Annapolis, said in his report on the proposed agency qualification legislation that the viewpoints expressed in the report reflect those of the state insurance department, agents and interested parties. The committee recommended that the agent complete an approved course before taking the license examination. If he fails, he would wait at least six months before trying again. The examination fee suggested is \$5, which would cover the cost of up to three examinations.

Furthermore, Mr. Murray said a grandfather clause would protect those in the business. A. & H. representa-

California Agents Elect Dawson as New President

SAN FRANCISCO—Robert E. Dawson, Pasadena, was elected president of California Assn. of Insurance Agents and its subsidiary, Insurance Institute of California, at the annual meeting here, with George O. Johnson of Schroeter, White & Johnson, Oakland, vice-president, and Paul Walcott, San Diego, secretary-treasurer.

Mr. Dawson, vice-president of the association for the past year, who has been inactive under doctors' orders for six months, had been instructed by his doctors to retire temporarily from all activities, and it was feared that he would not be permitted to take on responsibilities, but about a week before the convention they said that by reason of his long rest and application to instructions, he would be able to assume the duties of the presidency with the understanding that he will be cautious in his activities and not over-do.

The nominating committee, however, had to select a new candidate for vice-president by reason of the retirement of Laurence Canfield, Santa Cruz, from all association work owing to added responsibilities in his own business, resulting from the recent death of a partner. Mr. Canfield was secretary the past year and was in line to advance to vice-president this year and president next year.

Agent-Insurer Meeting on Bigger Auto Market Helpful

The informal meeting of New York State Assn. of Insurance Agents with company representatives to explore the possibility of fire companies writing more automobile casualty resulted in a clearer understanding of the problems involved by both agents and insurers.

At the meeting, which was held in New York City, company representatives spoke freely. What the net practical effect will be is of course a question. It was pointed out that some fire companies are now writing automobile casualty in increasing volume—and losing money on it. Other fire companies are beginning to get into the field.

John C. Stott, Norwich, past president of the agents' group, presided.

tives of life companies would not be exempted. The commissioner would be permitted to issue a temporary 12 months license to a personal representative of a deceased, with the option of a three-month extension. Licenses unexpired in three years would be voided. Applicants representing multiple line companies must pass examinations in all those lines. There would be a \$5 fee per year for the license. The bill would go into effect June 1, 1953.

Tentative consideration is being given a proposal to license solicitors of individual agencies rather than doing it by companies, he said.

In accepting the report, the association requested that prior to submission to the legislature, the bill be sent to the various local boards for study and action.

E. Albert Rossman, Baltimore, reported that the group insurance plan would cost an estimated \$4.02 per \$1 of hospital and surgical per day and \$1,000 of life insurance. Only Washington National and State Mutual bid on the plan, which will require 75% participation of the employees of agencies indicating an interest in the plan.

T. B. Cash, Westminster, chairman of the legislative committee, recommended that members fight the proposed

(CONTINUED ON PAGE 33)

Buyers Find No Evidence of "Give" by Excess Insurers

Stiff Attitude Is Revealed at A.M.A. Gathering—Markets Lick Wounds

The period at the American Management Assn. Insurance Conference at Chicago devoted to "Where and How to Buy Excess Insurance" had exceptional pulling power. It was a question of immediate practical interest to both buyer and seller, and the question and answer period disclosed among other things a stiff attitude on the part of the insurance markets on the score of coverage and price terms. The discussion was confined exclusively to the liability lines. The panelists were George E. Rogers, insurance manager of Robert Gair Co.; Ben D. Cooke, director of B. D. Cooke & Partners, Ltd., of London, and managing director of Agency Managers, Ltd., New York, and who incidentally, flew from Chicago to Hong Kong after making his appearance and is due back in Chicago after going around the world in 10 days; Robert L. Braddock, executive vice-president of General Reinsurance and Herbert P. Stellwagen, executive vice-president of Indemnity of North America.

There was one question on why the U. S. insurers don't form a pool to write large liability risks.

Professional Reinsurers Preferred

Mr. Braddock voiced the belief that professional reinsurers can perform this service better. A pool whereunder casualty companies would be reinsuring other casualty companies would consist of the company scattering its own losses around and picking up part of them again. He said if fire companies were reinsuring casualty companies that would be a different story.

Mr. Cooke opined that such a pool would be a good thing and he said he is certain that it will come to be.

Mr. Braddock later explained that he feels pools such as the inquiry envisioned tend to disintegrate for one thing because as time goes on, a company that regards itself as possessing above-average skill in handling a particular kind of insurance gets fed up on paying losses of another company that it thinks doesn't know right and left field on this kind of underwriting.

Mr. Stellwagen expressed the belief there may be room for a syndicate but he said there would have to be central underwriting.

There was a question on whether public utilities are taboo as excess liability risks.

Recent Sad Experiences

Mr. Stellwagen said there is no antipathy to utilities. Insurance companies want to insure their needs. He said that cover for gas utilities has "shrunk a bit" due to some recent sad experiences, no doubt the Rochester G. & E. loss being uppermost in his mind. The cover has to be related to the incidence of loss and the available premium income. For instance, if the available premium income were \$1 million it would not be reasonable for an insurer to expose itself to a \$1 million loss, whereas it might be reasonable to expose itself to \$500,000.

(CONTINUED ON PAGE 34)

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A year-end Memo- to: Business Management-

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Cut Out Lost Time, Limit Hospital and Surgical: Seese

In discussing continuation of employee insurance after retirement at the insurance conference of American Management Assn. at Chicago, Edward R. Seese, regional manager of Metropolitan Life, Chicago, asked: "If it has been logical to make these benefits available to a man while he is active in our employ, isn't it just as logical to continue to supply them when he retires after long and honorable service?" There may be no legal compulsion to continue the benefits after retirement, "but you can't help but see the damage to your industrial and public relations that complete discontinuance will bring."

While recommending continuance of group life on a 40 or 50% basis, the reduction to be made gradually over a period of years, he said that since accident and sickness is a benefit payable for working time lost it should obviously be discontinued when an employee goes on retirement, and the same is true of accidental death and dismemberment.

However, if group life is to be continued after retirement, reducing to a 40 to 50% death benefit, employers should likewise, to be consistent, reduce the hospital and surgical benefits available to retired employees.

He suggested they might well place a dollar limitation on the hospital and surgical benefits provided for the retired employee of say \$500, to use as he will, with a similar benefit for all of his dependents, if the plan includes dependents, or a combined maximum of say \$750 for use interchangeably.

Claim Costs Up on Older Ages

The frequency of hospital and surgical claims is based on the incidence of morbidity. On employees age 65 and over, the data as to the cost of hospital benefits, while relatively limited, seems to indicate that it is two or four times the cost of similar benefits for younger employees. This is due both to higher frequency and longer duration of hospital confinement.

With respect to surgical operation insurance, the cost for employees age 65 and over is 1½ to 2 times the cost of similar benefits for younger employees. The frequency of surgical operations does not appear to be substantially greater, but the proportion of claims for major surgery with corresponding increase in the average claim payments per case is appreciably higher among the older employees.

He said that an employee benefit plan, soundly underwritten, will have deterrents on indiscriminate use. An ideal hospital and surgical plan should not pay the bill, but rather "break the back of the bill," so to speak, with the employee paying a part of the total cost.

Should Have Deterrent

"If you provide a plan under which the employee goes to the hospital whenever he can get permission from his doctor and under which he leaves the hospital ten days later with all bills paid except a 10 cent phone call to his wife to come and get him, that may prove to be a mistake and one of the principal reasons for our high claim ratios on hospital insurance. There is not enough deterrent there against indiscriminate use."

For similar reasons, he said an employee might well pay part of his special services so as to control the indiscriminate use of hospital extras. One sound plan provides \$100 for special services plus 75% of the next \$1,900; another good plan provides \$75 special services, with the employee paying the second \$75, and then the plan stepping in for half

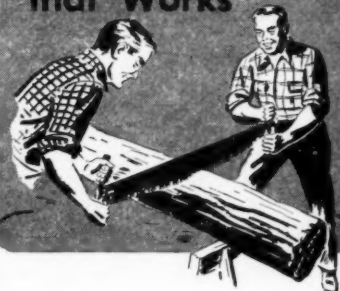
of the balance and the employee paying the other half.

Iowa Mutuals Meeting

The annual meeting of Iowa Assn. of Mutual Insurance Assns. is being held at Des Moines this week.

Speakers include Commissioner Fischer, former Commissioner Sterling Alexander, and Donald A. Tripp of Belvidere, Ill., president of National Assn. of Mutual Insurance Companies.

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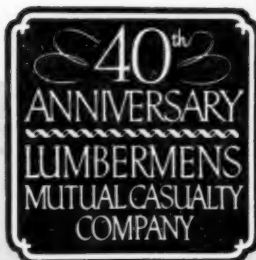
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Today, James S. Kemper, chairman of Lumbermens, says:

Lumbermens has counted each one of our 40 years on the American business scene as a privilege.

For thereby we have been able to contribute something to that economic strength which is such a mighty bulwark to our freedom.

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And by we, is meant policyholders, agents and staff—all who have shared in building the company.

That our fortieth anniversary so nearly coincides with the 200th anniversary of mutual insurance in America is affirmation of the soundness of our principles and augurs well for the future, to which we look forward with determination and confidence.



A stylized, handwritten signature of James S. Kemper.

Chairman



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H. G. Kemper, president

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Cahill Suggests All-Around Look at Auto Picture

James M. Cahill, secretary of National Bureau of Casualty Underwriters, told those attending the convention of California Assn. of Insurance Agents at San Francisco that the time has come for the companies and agents to review all aspects of the automobile insurance problem. A course of action will have to be determined that will maintain or strengthen the competitive position of the stock companies and the agents. "Our companies certainly do not want to end up with an even worse cross section of the total business than that which they now have," Mr. Cahill said, adding that thought must be given to what higher liability rates mean when there are strong financial responsibility laws in effect in nearly all states and when there is an insistent demand in many areas for compulsory automobile liability insurance and monopolistic or competitive state funds.

Concern Over Specialty Companies

Even without the dangers of compulsory auto legislation, he said there should be concern about the phenomenal growth of automobile specialty companies writing either direct or through agents representing them exclusively at a modest commission. He showed a comparison between the rate of growth of four of the leading specialty companies and a corresponding average growth for the four largest writers among the members of the National Bureau, in which Allstate from 1941 to 1951 had a percentage increase in volume of 1032%. From 1946 to 1951, Allstate had a gain of 394%. Farm Bureau Mutual Automobile of Ohio gained 636% in the 10 year period and 312% in the five year period. Farmers Exchange of California gained 603% between 1941-51 and 338% from 1946 to 1951. State Farm had a 267% gain in 10 years and a 73% gain in five years. The four largest National Bureau companies had a percentage increase in 10 years of 294% and from 1946 to 1951 the gain was 152%.

The selective underwriting policy with the specialty companies enables them to show lower loss costs per insured car than stock companies generally, Mr. Cahill noted. "Not only could stock companies never be so selective in their underwriting, but it would not be for the good of the insurance buying public if they were to try to do so," he stated. "It is bad enough today to have so many risks unable to obtain automobile liability insurance coverage except through the assigned risk plan, but if these numbers were compounded further it would create a demand from the public for

some different system."

More and more producers are becoming concerned with the competitive picture in automobile and they are fearful that substantial rate increases will cause some of their better risks to go elsewhere for their insurance. A loss of a client for automobile due to a substantial difference in price may lead to the loss of other fire and casualty insurance. Mr. Cahill said that attention has been called to the fact that of each \$1 of rate increase under present rate making methods, 25 cents results from the provision for the total production cost item.

He made a comparison between the present manual rates for automobile insurance and the provision in dollars for the 25% production cost with the corresponding values before gasoline rationing went in to effect during the war. The comparison was given for San Francisco, Los Angeles, and the remainder of California, and was contrasted with those in New York City. It was made on the lowest rated private passenger classification on automobile liability and contained also the 25/50/5 limits plus \$2000 medical pay, \$50 deductible collision and comprehensive on a new four-door Chevrolet sedan.

					25/50 B. I.
					\$5,000 P. D.
					\$2,000 Med.
					Payments, s.
					\$50 Deductible
	Basic Limits				Collision and
	B. I. and P. D.				Comprehensive
	Class				Class
	A-1				A-1
Territory	Class 1	July 1,	Class 1	July 1,	
	Present	1942	Present	1942	
MANUAL RATES					
San Fran-					
cisco	....\$75	\$36.75	\$176.20	\$97.74	
Los Angeles	56	30.00	140.52	86.87	
Remainder					
of Calif. . .	46	22.50	132.72	72.96	
New York					
City	126	62.05	297.12	157.66	
TOTAL PRODUCTION COST ALLOW-					
ANCE AT 25% OF ABOVE RATES					
San Fran-					
cisco	....	18.75	9.19	44.05	24.44
Los Angeles		14.00	7.50	35.13	21.72
Remainder					
of Calif. . .	11.50	5.63	33.18	19.24	

Intended to Focus Thinking

"I am sure that you know that all this is not intended as a criticism of commission levels or the agency system," Mr. Cahill said. "I am merely trying to focus your thinking on a subject which cannot be ignored if you and your companies are to remain competitively strong."

Mr. Cahill gave the agents a rundown on the workmen's compensation situation in California, remarking that the bureau companies now see a ray of hope ahead following the approval by Commissioner Maloney of the program of gradation of company expenses and of the total production cost allowance by size of risk, together with optional retrospective rating procedures to be available on an interstate basis. The program has not yet gone into effect since the participating companies domiciled in California have taken the matter to court. Mr. Cahill said the non-participating stock companies could hardly be expected to write almost nothing but small risks indefinitely and remain content to stay active in the workmen's compensation market in California. "But if by any chance they should be prevented indefinitely from competing for the larger risks, it is common sense, I think, to expect that many of these companies will conclude that there is no opportunity for them to break even on California compensation business and will decide to restrict their writings or withdraw entirely from the market."

He commented also that there is confusion and harm to the market situation resulting from the fact that minimum premiums are not established by the California department because of a peculiarity in the minimum rate law. With no approved standard minimum premiums, companies have established their own widely varying minimums and this has had an adverse effect on the placing of small risks. Modernization of this statute, he remarked, would clearly make possible many improvements in rating methods.

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BUSINESS INDICATORS

NUMBER OF FIRES EVERY 24 HOURS

HOMES 700 STORES 39 FACTORIES 80 CHURCHES 9 SCHOOLS 8 HOSPITALS 3

RISE IN COST OF LIVING SINCE 1939

88%



FIRE LOSSES FOR 1951

\$731,405,000



53.2%

RISE IN REPLACEMENT VALUES SINCE 1947

HOME CONSTRUCTION

HOME FURNISHINGS



45%



24%

PERCENTAGE OF HOMES

UNDER-INSURED

98%

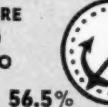


PERCENTAGE OF BUSINESSES

UNDER-INSURED

COST OF \$100 FIRE INS. COMPARED TO 10 YEARS AGO

LOWER



56.5%

HOIST SALES

MULTIPLE LINE FACILITIES



SEE YOUR ANCHOR MAN FOR COMPLETE DETAILS OR WRITE ...

Three

Manufa Robert C. Diana, who has been a company agent with the Wayne.

Stuart in Michigan, Detroit, Heintzen, Amsterdam, for Mary R. L. Ohio, who was a company agent and Indiana agent.

Hartford Three

The N. iord Acc. Dillon of late Hen. Ozanick compensa and John and sure late John.

Mr. D. division of 1944 and ager since company. Before cago in ciated with Rating E served in army and

tendent of departme ern depaferred to partment. Mr. B. represent ment in Chicago navy from as all-lir surety sp perintend

Smaller

Russell suburban New Yo sistant m Eugene I enter the after 25 Mr. S. Baltimore agent at before go was tran

H. W.

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The appointed ager at with En writer in most rec in north

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CHANGES

Three Fieldmen Named by Manufacturers Casualty

Manufacturers Casualty has appointed Robert C. Anderson state agent for Indiana, working out of Indianapolis. He has been superintendent of the Vernon companies and also was with General Accident and Potomac in Indiana and with the Waterfield agency at Fort Wayne.

Stuart A. Smith is named state agent in Michigan, with headquarters at Detroit. He is former state agent for Continental, casualty supervisor for New Amsterdam Casualty and special agent for Maryland Casualty.

R. L. Warren, new special agent for Ohio, working out of Cleveland, recently was state agent for Secured companies and had been with Ohio Casualty and Indemnity of North America as special agent.

Hartford Accident Advances Three in N. Y. Department

The New York department of Hartford Accident has appointed James J. Dillon office manager, succeeding the late Henry R. Lackner; Edward M. Ozanick associate manager workmen's compensation and liability department, and John F. Beardsley manager fidelity and surety department, succeeding the late John M. Smith.

Mr. Dillon served in the accounting division of the New York office 1925 to 1944 and as assistant to the office manager since 1946 when he returned to the company after serving in the navy.

Before joining the company in Chicago in 1939, Mr. Ozanick was associated with the Michigan Compensation Rating Bureau. From 1942 to 1946 he served in the insurance branch of the army and became assistant superintendent of the compensation and liability department upon his return to the western department. In 1950 he was transferred to the home office actuarial department.

Mr. Beardsley started as a claim representative in the western department in 1935 and has been with the Chicago office except for service in the navy from 1943 to 1945. He has served as all-line special agent, fidelity and surety special agent and assistant superintendent of the bond department.

Smalley Given Denver Post

Russell L. Smalley, superintendent of suburban production of U. S. F. & G. at New York, has been promoted to assistant manager at Denver. He succeeds Eugene B. Sanders, who has resigned to enter the local agency field at Denver after 25 years with U. S. F. & G.

Mr. Smalley joined the company at Baltimore in 1927. He was a special agent at Boston, Buffalo and Baltimore before going to Philadelphia in 1937. He was transferred to New York in 1947.

H. W. Baldwin in New Post

Howard W. Baldwin is now with the casualty department of Fire Association. He is a 1940 Yale graduate and has been engaged in casualty underwriting ever since.

Prince Okla. City Manager

The Employers group has just appointed Raymond C. Prince, Jr., manager at Oklahoma City. He started with Employers in 1932 as an underwriter in the Middle Department, and most recently has been resident manager in northern Ohio.

Holland to Security Mutual

Security Mutual Life of Binghamton has named Roy Holland manager of A. & H. at the home office. He had been assistant manager of A. & H. for

Loyalty group in its western department at Chicago since 1940. Mr. Holland joined that group in 1932. He entered the business with Continental Casualty. He is past vice-president and treasurer of Chicago A. & H. Assn, and an army veteran.

Carlton to Centennial

Mason A. Carlton, formerly state agent of the St. Paul companies and with Reed Penington agency at Denver, has joined Centennial Casualty of Denver as state agent for Colorado. He succeeds Richard Wells, resigned.

Ratcliffe Author of New W.C. Handbook

A Workmen's Compensation Insurance Handbook has just been published by McCombs & Co. of Jenkintown, Pa. The author is Davis T. Ratcliffe, assistant secretary and educational director of New Amsterdam Casualty.

This has been adapted from the material used in the New Amsterdam educational course which has been successfully conducted by Mr. Ratcliffe for many

years. It is projected as the first of three such books treating third party coverages. The other two are tentatively entitled Automobile Insurance Handbook and General Liability Insurance Handbook.

Workmen's Compensation Handbook is intended to be used in conjunction with the compensation insurance law pamphlets published by the Assn. of Casualty & Surety Companies. Chapters 2, 3 and 4 of the handbook cannot be successfully studied unless the student has beside him a copy of the compensation pamphlet for a particular state.

Workmen's Compensation Handbook



Today it's only Half a Loaf

YESTERDAY'S dime bought a loaf of bread; today it buys you only half a loaf.

Yesterday's dollars that paid for a house and furniture, linens, silver, today have barely half as much buy in them. And the limits of fire insurance you bought to protect your investment in house and furnishings at yesterday's values are only half-protection today.

Half a loaf, to be sure, is better than none; and so is half enough insurance. But buying less fire insurance than today's values demand is false economy.

With building and furnishing costs soaring, chances are that if you haven't increased your insurance limits apace, a fire would find you tragically under-insured. Why not have your local agent help you determine your requirements—today?



Your local agent is constantly ready to serve you. Consult him as you would your doctor or lawyer. For U. S. F. & G. claim service in emergency, call Western Union by number and ask for Operator 25.

U.S.F. & G.

CASUALTY
FIDELITY-SURETY
FIRE

United States Fidelity & Guaranty Company, Baltimore 3, Md.
Fidelity Insurance Company of Canada, Toronto

points to specific parts of the pamphlets as well as the compensation policy and the manual and explains them, and it does so in short, simple words and sentences that are arranged to catch the eye.

Other subjects treated are Rate Making, Experience Rating, Premium Discount Plan, Retrospective Rating, and the second appendix takes up Interstate Experience Rating. There is also a series of questions and answers. Where the questions occur, they are printed following the particular chapter, but the answers to all questions of all chapters are shown together beginning on page 213 and running through to page 224.

Christmas Party Dec. 4

Casualty Adjusters Assn. of Chicago is going to hold its Christmas party at the Morrison Hotel, Dec. 4. Guy L. Smith of Maryland Casualty is chairman of the committee.

S. Cal. Group Opens Season

Casualty & Surety Fieldmen's Assn. of Southern California, meeting at Los Angeles, heard President Carter H.

John D. Cain has opened an independent adjusting office at Effingham, Ill., called Crossroads Claims Service.

Laneville outline the program for the year, with educational work as the chief aim. Robert Emery will give a two-minute introductory talk on "Food for Thought" at the January meeting and Charles McKinnon and W. M. Davis will talk on "How I Got into the Insurance Business."

Mountain States Assn. Elects

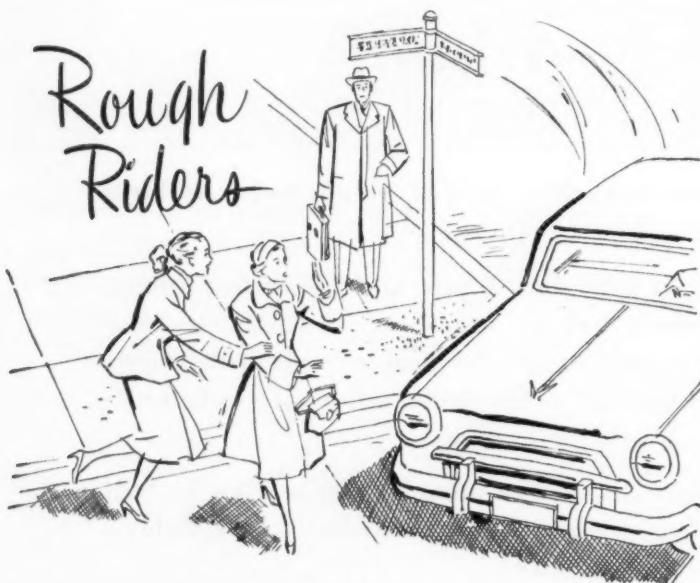
At a meeting at Denver, Mountain States Casualty & Surety Assn. elected these officers: President, Orville M. Moore, manager Loyalty group; vice-president, Roy C. Lundberg, Standart & Main; secretary, Edwin K. Langmaid, Reed & Co.

Talks on Output Policy

M. F. Collopy, assistant manager in the Pacific department of Aetna Fire, explained "The Output Policy" to Casualty Underwriters Club of San Francisco.

TeBockhorst Joins Agency

Gerard T. TeBockhorst is resigning as special agent for New Hampshire, covering Colorado, Wyoming and New Mexico, to go with the local agency of Morgan, Leibman & Hickey at Denver.



Your town—every town—has them: people whose bad driving habits and attitudes, sooner or later, will cause an accident.

What can you, as an insurance agent, do about these "rough riders" who endanger life and boost auto liability rates? You can: 1. Set a good example with your own driving; 2. Pledge your community safety organization to support local authorities in a drive for traffic law observance; 3. Help educate your fellow-citizens on traffic accident causes.

In your educational program you will find it effective to include the film, "Rough Riders," and other Zurich-American Safety Zone productions. They will help you make smooth operators out of rough riders—and make friends for your agency, too.



Zurich General Accident and Liability Insurance Company, Ltd.
American Guarantee and Liability Insurance Company
HEAD OFFICE: 135 S. LA SALLE ST., CHICAGO 3, ILLINOIS

FIDELITY AND SURETY

Won't Sentence Embezzler: Raps Bank on Low Salary

At Toledo, Federal Judge Kloebe refused to sentence George W. Sponsler, former cashier of First National Bank of North Baltimore, O., on a charge of embezzling \$7,500 over 10 years. Instead, the judge censured bank officers for paying the cashier so small a salary, \$1,080 a year to start 32 years ago and \$1,900 by 1942. The judge deferred sentence indefinitely and refused to put Sponsler on probation since that would have marked him with a crime.

Hartford Accident carries a bond on the bank.

At Philadelphia, Miss Margaret Devine, teller at Swarthmore National Bank near Philadelphia, was charged with embezzling some \$35,000 to \$40,000 by issuing checks on her personal account and then making false deposit entries. It was reported that she spent the money on extravagant living. Indemnity of North America is on the bond.

Dallas Surety Assn. Hears Lewis; Williams President

Surety Underwriters Assn. of Dallas at its annual meeting elected Andrew A. Williams, Jr., American Automobile, president; W. S. Moore, Jr., Fidelity & Deposit, vice-president; Del Barron, National Automobile & Casualty, secretary.

Guests included Martin W. Lewis, general manager of Surety Assn. of America; A. W. Penn, director, bond and burglary section of the Texas board of commissioners, and Angus McDonald, casualty actuary of the board.

Mr. Lewis paid high tribute to Mr. Penn, the other members of the board of commissioners, and the surety men in Texas for the fine spirit of cooperation they have displayed in solving their mutual problems. Commenting on the trend of fidelity and surety experience, Mr. Lewis pointed out that on the basis of a sample survey just completed for the first six months of 1952, there ap-

pears to be some hope that the 1952 level of surety claims may not be worse than 1951; however, no such optimism can be found as to fidelity claims.

Big Conn. Housing Bond

A contract bond of \$5,287,000 for the construction of a 450-unit moderate rental housing project at New Britain, Conn., has been executed by Hartford Accident. It covers performance of the contract by Frouge Construction Co. of Bridgeport, which is building the development for New Britain Housing Authority.

No. Cal. Surety Men Elect

James Wells, American Surety, has been elected president of Surety Underwriters Assn. of Northern California. Fred Reimers, Fidelity & Casualty, is vice-president and William Risdon, Fidelity & Deposit, secretary.

They will be installed at the banquet following a golf outing Dec. 5, which honors Donald Stevick, Standard Accident, retiring president.

Grow Insurance Clan Has Birthday Rally at Detroit

Twenty-nine members of the Grow family gathered at the Detroit Athletic Club Nov. 13 to celebrate the 60th birthday of Russell W. Grow, the last of the four Grow brothers to attain that age. He was preceded by his half-brother, Charles E. Freese, and his brothers, J. Alfred and Hobart B. Grow.

Their father, Julius A. Grow, was one of the original agents of Michigan Fire & Marine. The family is now in its third generation in the insurance business. Charles E. Freese operates the Freese agency along with his two sons, Lawrence A. and Charles E. Freese III, and Hobart B. Grow. J. Alfred Grow is vice-president of Homer Warren & Co., and associated with him are his sons, Robert J. and J. Alfred Grow, Jr. Russell W. Grow is with the Detroit Insurance Agency and his son-in-law Robert Bush, is with Standard Accident.

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**Specializing in
workmen's compensation
and all lines of liability coverage**

**BITUMINOUS CASUALTY
CORPORATION**

ROCK ISLAND



ILLINOIS

Outlook Describe

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ACCIDENT

Outlook for Prospecting Described at Indianapolis

A panel of insurance men presented views on prospecting to 50 members of the Indiana Assn. of A. & H. Underwriters and their guests at the November meeting in Indianapolis.

William Helms, Monarch Life, Anderson, reported prospective buyers are harder to approach but that they have the ability to pay and the renewal ratio is high. They also are sources of good leads, he added.

Best sources of prospects were reported by Robert Garrett, Orwig agency, Lafayette, as cold canvass, referred leads from people not sold, referred leads on delivery of claim checks, and women over 65 who have grown children with families.

Joe Whittington, manager Monarch Life, Indianapolis, said cold canvass is as good as a referred lead. He urged the use of visual aids in prospecting and selling.

Spafford Orwig, manager Orwig agency, Indianapolis, recommended prospecting wholesale by becoming active in trade organizations.

The views of the panel were summarized by Alden C. Palmer, of the R. & R. Service.

Three Columbus Speakers

Speakers at the November meeting of Columbus (O.) Assn. of A. & H. Underwriters were E. W. Welton, manager of Business Men's Assurance; Boyd S. Crall, Insurance Associates, and Burton C. Holmes, Columbus manager of Aetna Life.

Plan No. Cal. Group Assn.

Stephen Chelbay, formerly superintendent of A. & H. business for the Loyalty group at San Francisco and in more recent years a local agent at San Jose, is heading a movement to organize Group Underwriters Assn. of Northern California. Membership will consist of specialty agents and general agents handling group welfare, pension, A. & H. and life insurance programs.

A. & H. Men Hear Packer

The role of the meat packing industry in prolonging life expectancy through development of medicines and pharmaceuticals from animal by-products was told by E. M. Brinker, assistant to the vice-president of research of Armour & Co., at a breakfast meeting of Chicago A. & H. Assn.

The Christmas party for 100 orphans has been set for Dec. 16.

Myers Named at Freeport

All-American Casualty has appointed William G. Myers district manager at Freeport, Ill., in charge of two counties. He has had more than five years' experience in A. & H. insurance.

Blue Cross Drops Unions

ST. PAUL — Minnesota Hospital Service Assn. (Blue Cross) is dropping members of several large unions from its group hospital insurance plan, because insurance purchased by their unions, as part of health and welfare programs, duplicates the Blue Cross coverage. The association has had adverse loss experience, officials said, in similar cases of "double coverage."

The members affected may purchase Blue Cross coverage on an individual, direct-billing basis, they have been advised.

A. & H. Club, N. Y., Elects

Frederick E. Boes, Metropolitan Life, was elected president of the A. & H. Club of New York at its annual meeting.

At the same meeting Lawrence K. Farrell, 3d vice-president of Metropolitan Life, was honored upon his retire-

ment after 48 years in the A. & H. business.

Others elected were: Arnold W. Danckwerth, Mutual Benefit, 1st vice-president; Ronald H. Duncan, Metropolitan Casualty, second vice-president; Frederick W. Bumby, W. L. Perrin & Son, third vice-president; James W. Moran, Ocean Accident, treasurer; Norman E. Walter, Guardian, assistant treasurer; Joseph A. Walsh, Metropolitan Life, secretary, and Edward E. Anderson, Commercial Travelers, assistant secretary.

The club will hold its Christmas party Dec. 10.

Big Crowd at Md. Convention

(CONTINUED FROM PAGE 27)

merger of the insurance, banking and small loan departments of Maryland. He said the insurance department received more than \$5,300,000 and used only \$194,000 for expenses. This compares with the banking department, which takes in less than it spends.

John H. Coppage, acting commissioner of insurance, asked the associa-

tion's support in fighting the proposed merger.

Charles M. Cover, Baltimore, toastmaster at the Thursday luncheon, announced the first insurance day in Baltimore will be held Feb. 5, 1953, the anniversary of the Baltimore fire. The Binder Club, the state association and Maryland-Delaware-D. C. Field Club will be co-sponsors of the event. The program will feature the economic advantages of insurance and the furtherance of the agent's education.

Mr. Souders in his talk said multiple line writing is now accepted in 46 states. This fact has not brought agreement as to how to proceed in writing multiple line policies. With two groups, one relying on the old standards of writing, and the second on the package type of insurance, it is often rather difficult for the agent to determine his course.

There is now the Multiple Peril Insurance Rating Organization, he said, which also rates homeowners A and B and catastrophe excess forms.

Frank A. Doyle, Baltimore, convention chairman, opened the two-day meeting. J. Vernon Coblenz, Frederick, state national director and past president, was the toastmaster at the opening luncheon. Robert M. Morse, assistant dean of American Institute for

Property & Liability Underwriters, presented three C.P.C.U. designations at the second day's luncheon.

Frank Bennett, safety expert of the Baltimore department of education, spoke on "Driver Training." Stuart Webb, vice-president of Union Trust, discussed the bank and agent auto plan at the second day's educational meeting.

Mr. Coppage installed the new officers at the banquet, which closed the affair.

MARYLAND NOTES

Home headquarters hosts included P. Norman Fenton, secretary.

The Fidelity & Deposit contingent included Owen E. Donegan, vice-president. U.S.F.A.G. was represented by E. Anbury Davis, president; Dillard Hall, assistant agency director, and John Mayhew, field supervisor.

Harry C. Michael, vice-president, was on hand for Maryland Casualty.

Other companies with headquarters included Hanover Fire, London & Lancashire, Globe & Rutgers, Springfield group, Security of Connecticut, National Union, Great American, Ohio Farmers, Hartford group, Leonhart & Co., National Surety, American Bonding, American, North America, Marine Office of America, Newhouse & Hawley, Fire Association, North British, America Fore, Poor, Bowen, Bartlett & Kennedy, and John Roane, aduster.

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We are one of the oldest
Bonding Companies in the
United States.

In our fifty-two years of
experience in handling Bonds
we have acquired a vast amount
of information and "Know How."
This "Know How" is avail-
able to our agents and we
would like to make it
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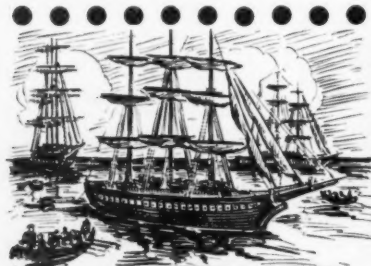
THEY MADE HISTORY 2: JOHN ADAMS

It Happened While He Was President



JOHN ADAMS

Second President. Born 1735, died 1826.



NAVY DEPARTMENT ESTABLISHED 1798

While U. S. had naval vessels during Revolutionary War, the department was not created until 1798.



"MILLIONS FOR DEFENSE" 1798

Adams, elected President 1797. Difficulty with France provoked cry, "Millions for Defense, but not one cent for Tribute."



WASHINGTON DIES AT MT. VERNON 1799

At 10 o'clock on the night of December 14, 1799, George Washington passed away, to be buried in the family tomb at Mt. Vernon.

AGENTS ARE MAKING HISTORY . . .

. . . when they join Hawkeye-Security and Industrial. They know that these two companies do everything possible to help them build volume. They can depend upon Hawkeye-Security and Industrial to provide prompt settlement . . . every sales aid . . . and skilled field representatives to work closely with them at all times.

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Des Moines, Iowa



UNITED STATES CASUALTY COMPANY



HOME OFFICE:

60 John Street

New York

Excess Market Still Tight

(CONTINUED FROM PAGE 27)

There is a limited volume of premium with a loss potential up to the top amount of the cover.

Mr. Braddock said that the coverage is provided, at a price. There is definitely a market, but maybe nobody wants it at that price.

Mr. Cooke said "we have no antipathy toward the utilities, but we have an antipathy towards the losses of the utilities."

Another questioner was disturbed because he had to pay a higher rate for his top stratum of coverage than for the lower layers. He had gone on the theory that the rate was always progressively lower the more heavenward the limits of the excess coverage. He said he had to pay a higher rate for the coverage from \$3 million to \$5 million than he had to pay for layers under that.

Whose Money Is At Stake?

Mr. Cooke observed that each London underwriter fixes his own rate. A particular risk might use up the customary market, and for the top limits an approach might have to be made to underwriters that don't customarily handle this type of risk. They could be made to be interested, but only for a price. They might say, for instance, that they were being asked to risk a million dollars and for that they would want a certain sum, observing "we don't care what you put over on somebody at a lower level."

Mr. Stellwagen said there is no lack of capital to finance excess of loss underwriting. Rate regulation is no bar to this activity although occasionally someone gets off base, in advocating holding a close rein on such underwriting. Without naming him, Mr. Stellwagen appeared to be referring to Commissioner Cheek of North Carolina who just recently advocated bringing reinsurance under rate regulation.

Mr. Stellwagen said all hands should fight against any reaching out for control in this direction. Most states will allow the filing of rates for excess covers that are suitable.

The trouble is, he said, that many companies take the position that they are primary insurers and that they should not make excursions into the excess field.

Interest Is Related

Mr. Cooke declared that for years buyers were importuned to take high limits of coverage. They were resistant to this and hence did not permit a market to germinate under favorable conditions. Now in an era of inflation and ravishing verdicts buyers are scrambling to buy high limits in a market that they would not permit to grow under normal conditions.

Mr. Rogers declared that the buyers actually want the American market to be selected, realizing that this is the way to make the public loss conscious.

There was a question on the market for excess liability on an aggregate basis.

Mr. Braddock said that General Reinsurance won't write an aggregate loss cover of any type because they are convinced that this is unsound.

Mr. Stellwagen vouchsafed that this is not a good deal for the underwriter. The contract should provide excess cover per accident and should be subject to its own aggregate. It should not be a con-

tract picking up where the direct aggregate leaves off.

There was a question as to whether the success of Lloyds is not due to the pool system. Mr. Cooke said, no, it is because "we still believe in underwriting in the old sense." He said he was taken on a tour of a handsome new U. S. insurance company office and was proudly shown a room in which 90 men were at work at steel desks and with

When you
check



GARAGE LIABILITY

✓ The evolution of the Garage Liability policy to its present breadth of coverage is a good example of the sincere desire of insurance men, like yourself, to provide protection where it is needed. Thorough knowledge and wise use of this form is important.

✓ In some cases you may even find it desirable to extend coverage by use of a "Comprehensive" form. Shelby agents meet specific needs by taking advantage of their company's ability to fit coverage to the client's own hazards.

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MUTUAL
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Insurance Since 1880

America's Oldest
MULTIPLE LINE
Casualty Mutual
Salutes 1752
200 YEAR OLD
Mutual FIRE Insurance



1886—OVER A HALF CENTURY OF SERVICE—1952

The North American Accident Insurance Co.

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We write every practical form of Life, Accident, Health, Hospitalization and Medical Expense Insurance.

District Managers and Representatives WANTED

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fluorescent lights. They were called underwriters. In London there are not 90 underwriters in the strict sense, altogether, he said.

There was a question on why experience rating can't be made available for each buyer of excess cover.

Mr. Stellwagen replied that each risk is individually rated and underwriting judgment is used. He said he denies the applicability of merit rating to catastrophe covers. Just because a loss does not occur in one or two or five years, or any specified number of years, the insured is not entitled to a discount. A fund has to be accumulated against the possibility of a devastating loss.

Mr. Cooke observed that inflation has to be taken into consideration. For instance, a loss of \$15,000 under a contract in 1946 might very well cost \$75,000 today. If an experience credit were granted that was based on the past five years, then the underwriter would "lose his pants and it is not customary in my country to go about without pants," he said.

Mr. Braddock answered this with considerable feeling. He said that as a result of a rate negotiation with a big risk looking to renewal, the line was canceled because of the price that was quoted, and 30 days later he said General Reinsurance was notified of \$90,000 of losses running back eight years on this account. "Where do you get the experience?" he asked. The average time from date of loss to report to the reinsurer is 2½ years, he said. A statement on the part of a self-insurer that he hasn't had a loss in any one year doesn't mean a thing.

There was a question on whether the insurance business is not courting federal intervention and the setting up of a federal insurance fund to provide high limits of coverage by reason of the fact that the U. S. and overseas market is "inadequate."

How High Is Up?

Mr. Stellwagen said that there are some placings in the U. S. market up to \$4 million. He mentioned that Mr. Cooke had said that there are placings up to \$10 million in London. "How high is up?" he asked. Mr. Stellwagen said there is no ghost of federal insurance because of any lack of capacity.

The question was asked why London underwriters can operate profitably in the excess field if the U. S. market can't. Mr. Cooke said London has had advantage of learning of the effect of inflation in Europe and hence knew the answers in advance when London saw inflation coming in the U. S. The laws of economics operate the same throughout the world and those doing a worldwide business are better able to spot a situation in its early stages and take measures.

The question was asked why an insured cannot get one policy with one set of conditions with both direct company and reinsurer joining hands to stand back of the contract. Mr. Stellwagen said that the two companies may have no relationship. They may have a difference of opinion on the risk. He said it is possible to get uniformity of cover by getting the reinsurer to give a certificate stating that its coverage is in all respects the same as that of the primary insurer.

Suggests Facultative Route

Mr. Braddock said that he would prefer the line coming as a facultative offering of the direct.

Mr. Cooke said that on these large lines there may be many insurers and syndicates interested and numerous brokers. It may be difficult to get these various layers of coverage on any terms and to try to get all hands to agree on a single contract might spoil the whole thing. The answer, he said, maybe comes out in a pool.

Mr. Braddock, in his prepared talk said the general attitude of buyers has been that there should be a bargain counter for their insurance program. Since 1946 the domestic reinsurance and excess companies have lost more than \$50 million in the liability and compensation lines and this was at a time when most businesses were making money.

The large self-insurer buying an excess policy for say, \$2 million over a \$25,000 retention and escaping a loss in a given year, fully expects to receive a premium reduction which recognizes entirely that his risk is completely credible. On the other hand, if he has a serious loss he still wants to pay the same premium that he did the year before. For many years this theory of buying worked. The large losses did not appear regularly and the excess market engaged in cutthroat competition. They were left when the deluge came with inadequate contingent reserves, insufficient current premium and the customer who became indignant when confronted with a realistic premium. Some insurers withdrew from the market and the remedies that were taken by those remaining were too little and very much too late.

How to Get Spread

The excess underwriter could not induce all the oil companies, for instance, to pay enough money to cover the losses produced by the oil industry in a five-year period. Hence the excess underwriter realizes he cannot build a book on any one industrial category. He must hope to get his spread by putting all of the excess business he can write into one pot and then getting enough money from all risks combined to bring him

out on the black side over a period of time.

Tax laws do not permit the piling up of large contingency reserves. These would be considered as profits and would be taxed.

The domestic excess market will never be able to increase capacity and show ability to make a profit on the business it writes. If the market is not to dry up entirely, the buyer is going to have to start looking at his costs in light of 1952 values instead of 1941. Retentions must be increased in order to retain the same relative protection that they did a few years ago and rates must be increased to the point that normal losses and overhead can be paid and leave enough after taxes to cover the catastrophe which is no longer a rarity.

Unlimited Medical Problem

The problem of unlimited medical under workmen's compensation insurance is alarming. The remedies here, he said, are satisfactory neither to the insurer nor the buyer. One remedy for the excess underwriter is to establish an internal limit applying to medical on any one individual in addition to the top limit payable. Another is to make the coverage applicable only in an accident that can truly be considered a catastrophic occurrence. A third solution would be to have a commutation clause, or the permission by industrial

commissions to discharge the liability by a lump sum payment.

The four largest professional reinsurers lost more than \$2,600,000 in 1951 on compensation and their current experience is disastrous.

Mr. Stellwagen in his talk expressed the belief that excess insurance is a legitimate and proper need of the public and that the direct writer must meet that need. Direct writers have well-manned far flung claims organizations and in catastrophes can bring in their large force of claims adjusters. Where claim service is not a controlling factor, but where the amount of coverage may be controlling, the foreign market may be preferred.

Costly Losses Abound

In these days of the devalued dollar costly losses are all too common and they arise in connection with nearly every type of risk exposure. In just two years he said he has noted a general liability loss on a public utility of \$1 million, products liability loss on a pharmaceutical manufacturer of \$700,000, property damage liability loss of \$1,250,000 on an oil company, workmen's compensation loss arising from injury to one person of \$170,000 and a verdict of \$284,000 on a private passenger car.

Excess insurance is not cheap. Gone are the days when a buyer could divide

Provident's Over-Age line proves--

"The best friendmaker..."

"This is the best friendmaker for the Provident of any line of policies you have ever issued." That is the way one good Provident agent characterized our Over-Age line. As he points out, "Not only does it do an excellent job of maintaining clientele where, because of advancing age, it is necessary to retire from other policy contracts, it enables us to go out and actually create an entirely new class of clientele."



We have so much to sell, it is difficult to keep the emphasis on all of our lines all the time. But, we think that our Over-Age line is one which deserves thought and attention each week of the year.

Full information on this and other plans in Provident's complete line of A&H coverages is yours for the asking. Why not write today?

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CHATTANOOGA

1887... 65th Year... 1952

his risk between a primary underwriter and an excess underwriter with the expectation that the sum of the premiums charged would be less than the primary underwriter's price for the total. The buyer of excess insurance must be prepared to pay the price which current conditions require.

For hazardous classifications there is little market among the direct writers for excess for self-insurers who have a retention of less than \$25,000. If a corporation can't afford to stand the first \$25,000 of any one loss and accept the hazard of two or three such losses in any one year, it should purchase primary insurance. If excess insurance is purchased on a basis such that a frequency of losses invades the excess cover, the cost of such insurance will be uneconomical to the buyer. Catastrophe insurance should not be priced to include premium dollars for the part payment of normal losses.

Adequate Spread

For those risks where an adequate spread can be obtained where the expectancy of catastrophic loss is normal rather than acute, the direct writing market can provide coverage up to \$1 million for any one accident and sometimes even more. For those risks that produce more than their share of serious losses and on which the aggregate premium income is limited the available coverage in the direct writing market may not exceed \$500,000.

Mr. Cooke in his talk got a great round of applause from the crowded meeting room when he said: "We in the insurance business in England are free not only from government regulations, we are equally free on the subject of rate making. We prefer to rely upon our own individual knowledge of risks than upon massive columns of statistics that, to us at least, seem more like railway timetables than a basis upon which to set our individual judgment."

The effect of this freedom of action enables the underwriters in London to

offer certain types of contracts—simple in form, yet secure in performance—that are unobtainable frequently in the U. S. This permits great flexibility in writing the contracts and enables the London market to fill world-wide insurance needs.

Mr. Rogers in his paper, said that generally excess coverage is available. Sometimes it is domestic, sometimes it is both domestic and foreign. Excess underwriting may be more liberal than direct by the force of foreign, particularly British competition. In any event, there is a saving, he said, that may accrue through the proper use of excess. This may come about through a lower rate structure resulting from succeeding higher layers of coverage, but more important is the fact that a greater assumption of risk by the insured should develop in him a higher loss consciousness and a greater adherence to sound loss prevention practices.

Foreign Insurers Give Pure Coverage

The theory that foreign companies furnish insurance at lower cost than is available domestically, Mr. Rogers said is due to the fact that foreign insurance consists of pure coverage without loading for service. It seems unlikely, he said, that foreign underwriters are more canny than those in the U. S., and that they are able to provide exactly parallel coverage at a lower figure.

G.A.B. Changes on Coast

General Adjustment Bureau has appointed W. L. Fulenwider manager at Salem, Ore., to succeed W. R. Criswell. He has been in charge of the Baker, Ore., branch since its opening in 1947. He started with G.A.B. at Portland, Ore., after three years adjusting experience.

Thomas C. Keller of the Portland staff succeeds him at Baker. He started with the bureau in 1947 at Salinas, Cal., and has served at Klamath Falls, Ore., and Tacoma, Wash.

Discuss Contractual, Assumed Liability

(CONTINUED FROM PAGE 27)

written notice must be given, oral notice is not enough.

The tenant should avoid agreements that call for "all liability" as distinguished from "loss." Use of the word "liability" means the tenant must assume the defense of a claim against the landlord even before there is an actual loss. He would have to pay costs of defense and attorney's fees, whereas where the word is "loss" he will have to pay only if the landlord actually suffers a loss and if the contract is silent about costs of defense and attorney's fees he will not have to pay them.

In New York and Massachusetts there are statutes declaring it to be against public policy to try to circumvent the rules of liability arising out of the relationship of landlord and tenant. For instance, where the landlord seeks to make the tenant liable for the landlord's sole negligence, particularly on the premises over which the tenant has no control such as common ways in a multiple tenancy building. However, the general rule is that the court will try to give effect to the clearly expressed intention of the parties. In many states the tenant can be held liable even for the sole negligence of the landlord unless the landlord is guilty of wanton negligence.

Mr. Breen said if the tenant is precise and exact in expressing his real intention in the indemnity contract so that there seem to be no ambiguities, the insurance problem will be greatly lessened.

Automatic Protection

Mr. Sinnott said usually complete blanket coverage for assumed liability is not obtainable; if it can be secured the policy should grant automatic protection on a blanket basis. Another method is limited blanket coverage plus automatic coverage. A particular risk may have certain types of agreements commonly in use and that may be outlined in advance, and on these the insurer would grant blanket coverage. These agreements could be picked up on audit and a premium charged. On agreements falling into non-defined types, the insurer might grant automatic coverage subject to reporting within a specified period.

Still another method is automatic coverage on all non-defined agreements subject to reporting to the insurer within a certain period. That means the insurer may agree to give automatic coverage for a certain length of time but the insurer would have the right to decline continuing coverage after submission.

The least desirable method is a specific basis for non-defined agreements.

Insurance men believe that assumed liability should be eliminated from contracts. For one thing, the ultimate cost is increased because of the duplication of insurance premiums. Then, unless an indemnifying corporation has a provision in its fire and E. C. policy providing the right to waive subrogation against other parties, the insured conceivably could invalidate its own fire insurance contract. That would be true where the corporation would be required to hold harmless a second entity because of loss by fire and explosion.

Contractual liability, he said, should be insured because the agreement involves negligence of others and there is a probability that the indemnitor lacks control of the acts of the others. Then, too, the company that has exacted the indemnifying agreement very often wants the obligation insured, especially where the financial structure of the indemnifying party may be questionable.

In some contracts the principals require that the second party provide owners' protective liability insurance for account of the principal. Here owners' protective as well as insurance on the contractual agreement should be secured by the second party. This could result in a duplication of insurance costs.

Phoenix Has Agency Forum

W. S. Chandler, secretary of Phoenix of Hartford, and head of its agency management department, and A. S. Fabian, Jr., special agent of the inland marine department, held an agency management forum for agents at San Antonio, taking up problems of record keeping and production.

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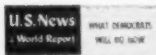
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